The NATIONAL UNDERWRITER

The National Weekly Newspaper of Fire and Casualty Insurance

February 27, 1959 63rd Year, No. 9

PUT BLAME ON PUBLIC

Fla. Legislators Find Auto Rate Making Sound And Competitive, Regulation Good

There has been some notable progress in the education of the public on what has been occurring and continues to happen in the field of automobile accidents, their insurance, and the zooming costs of the protection. The study of compulsory by a Massachusetts legislative commission was one. Another is the report of a Florida legislative subcommittee on its study of auto liability rates in that state.

The subcommittee, named after a public outburst over rising rates, especially in Dade county, spent most of 1958 making its inquiry. The resulting 124-page report has just been circulated.

After making what obviously is a thorough inquiry into all aspects of rate making, what causes rates to rise, and state regulation of rates, the subcommittee reported to its parent body, the highway safety committee of the legislature:

—That rating bureaus, insurers, the insurance department, and the public play complementary roles in the rate making process.

—That auto liability rates in Florida are not monopolistic.

—That the abolition of rating territories and risk classification would result in substantial inequities for insurers and insured.

—That rate increases cannot be attributed solely to administrative and procedural machinations, for such an explanation ignores the existence and effect of social, economic and purely human factors making up the experience which necessitates rate increases.

—That the aggravated manifestations of these factors in Dade county, in way of high claim frequencies and high claim costs, not only justified but compelled the rate increases.

—That the factors increasing rates can be curbed and controlled only by initiating, developing and enforcing an adequate highway traffic safety program.

—That the insurance department has performed its functions in a commendable manner.

"For citizens, companies and all concerned, it is your committee's conclusion that correction, not condemnation, and remedy, not recrimination, are in order."

At the time the committee was appointed in April, 1958, a grand jury had been investigating rates in Dade county, and even members of NACCA were calling for an investigation. The atmosphere was and has continued to be favorable for the public to learn what really causes auto rates to rise.

The rating system, the committee reported, is anything but monopolistic. There are many competitive rate schedules. It noted that in 1948, National Bureau of Casualty Underwriters members wrote 53.4% of the BI and PDL business in the state. By 1956 this was 30.3%.

The report strongly commends territorial rating as "indispensable to the accurate ascertainment of rates."

Abandonment would prevent rates reflecting safety, population density, liberality of local juries, wage costs, etc. It would prevent rate recognition

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Reasonable Pay For Agents Passes In N. Y.

The New York legislature has passed and sent to the governor the amendment to section 180 of the insurance law which would require companies to pay "fair and reasonable" compensation to agents and brokers. New York State Assn. of Insurance Agents and Greater New York Insurance Brokers Assn. sponsored the measure.

The amendment reads that "It is the declared public policy of this state that whenever rates are filed by or on behalf of companies using services of duly licensed independent insurance agents or brokers that those rates shall provide for fair and reasonable compensation to such independent agents or brokers."

Mutual Of Omaha To Mark Its 50th Birthday March 5

Mutual Benefit H.&A. on March 5 will celebrate its 50th anniversary. It is the largest writer of individual A&S insurance in the world.

For 1958 the company reported more than $187 million in premium income, and it concluded the year with more than $205 million in assets. Last year marked the payment of the one billionth dollar in benefits to policyholders.

Celebrate Golden Anniversary

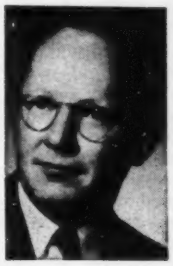
The home office staff and field representatives will gather in their respective cities March 5 for a celebration of the golden anniversary. At the home office in Omaha there will be a banquet and anniversary ball, the highlight being a special closed circuit radio broadcast between the Omaha gathering and similar meetings in agency offices across the country. More than 100 cities and 15,000 people will be involved in the celebration, believed to be the first of its kind in the insurance business.

March 5 will mark the 50th anniversary with the company of Mrs. Mabel Criss, the widow of Dr. C. C. Criss, the founder. Dr. and Mrs. Criss started the company while the late doctor and his brother, Dr. N. L. Criss, were students at Creighton University school of medicine. Dr. N. L. Criss has been with the company nearly 50 years. He is treasurer and medical director, and Mrs. Criss directs planning and personnel at the home office.

V. J. Skutt, president, noted that the 1958 premium income was 221% greater than that of 1949, while in the same 10 years assets increased by nearly $107 million.

McFarland New President Of Grain Assn.

John G. McFarland, National Union, was elected president of Underwriters Grain Assn. at the annual meeting in Chicago last week. He succeeds H. A. Clark, Loyalty group, who is retiring after 34 years as an officer and director.



J. G. McFarland

In his report as manager, C. E. Harbin paid tribute to the long service of Mr. Clark, who has been president for two years and before that for 32 years was a vice-president and member of the executive committee. Mr. Harbin also mentioned the resignation earlier this year of C. W. Ohlsen, retired manager of Sun, who was for 20 years a member of the executive committee of Grain Assn.

List Other Officers

Other officers are: Vice-presidents, Rush W. Carter, Aetna Fire; L. V. Grady, Home, and E. R. Sanborn, Great American. R. C. Steinbeck of UGA is secretary, and H. R. Stanton of UGA is treasurer.

Newly elected to the executive committee for three years are V. L. Montgomery, North America; F. W. Spalding, Springfield F.&M., and C. L. Zook, National Fire. Three additional members were elected to fill unexpired terms, they being G. W. Whitford, Reliance; Herman P. Winter, America Fore, and C. E. Stiehl, London & Lancashire.

The attorneys-in-fact of Grain Assn. are E. H. Born of Western Underwriters Assn., C. E. Harbin, UGA manager, and K. S. Ogilvie of WUA.

The association had a successful year, Mr. Harbin reported.

Insurance Counsel's Head Asks Action Against NACCA

FIC President Woodliff Opens Mid-Winter Meeting At Miami With Blast

Criticizing a program of National Assn. of Compensation Claimants Attorneys as "educating a . . . convention hall full of lawyers on how to get deeper into the pockets of companies without regard to liability," George F. Woodliff, president Federation of Insurance Counsel, called for action on the part of his organization.

Mr. Woodliff's message opened the federation's mid-winter officers' meeting at Miami. He said, "The federation must take a leading part in fighting the efforts and accomplishments of groups who are dedicated to changing the law and the thinking of the courts in order to make casualty companies pay more."

With regards to FIC, he said, "We are not so good that we can't improve our proficiency and our methods. We can boast of the most outstanding company lawyers and trial lawyers in the world, and I hope all members of the federation will devote some thought to the effort of combating this claimants group's program."

Clement To Higher General Re Position

General Re has appointed Michael A. Clement assistant secretary. He joined the company's underwriting staff in 1958. Formerly he was insurance manager of Merritt-Chapman & Scott and prior to that insurance manager of General Dynamics Corp.

O. D. Hall, Beckley, agent and chairman of the insurance committee; C. T. McHenry, executive secretary of West Virginia Assn. of Insurance Agents; Gov. Underwood; Commissioner Pearson, and Sen. Jack Nuckols, also a Beckley agent and chairman of the senate insurance committee, meet to go over the first copy of the West Virginia Insurance Agents Reference Manual. The new booklet is a study text for those taking the license examination in the state and covers life, A&S, variable annuities, credit life, fire, casualty, automobile and all other lines.

Cite Lack Of Radioactive Contamination Coverage, Gaps In Nuclear Protection

Possible Voids Between Private Insurance And Government Indemnity

Atomic Industrial Forum, association of the U. S. atomic industry, has published a detailed commentary on nuclear liability insurance and indemnity. The publication, prepared for forum committees on insurance and legal problems, highlights gaps in financial protection under proposed private insurance and the indemnity agreement between Atomic Energy Commission and its licensees. The government provides $500 million indemnity above private insurance available.

Some Gaps Are Inherent

Some of the potential gaps are inherent in the limitation of the scope of insurance and indemnity coverages, while others would arise out of the particular circumstances of a nuclear incident. The publication notes that scope of coverage will not be determined until insurance and indemnity agreements have been construed by the courts.

The two year cut-off period on claims under the proposed liability coverage of the nuclear pools is one of the more troublesome problems, according to the forum study. The policy provides coverage for claims resulting from a nuclear incident, occurring during the policy period and "for which written claim is made against insured not later than two years after the end of the policy period." Insurers reserve the right to cancel the policy for any reason at any time, on 90 days notification to insured and to AEC.

Injuries Slow To Appear

This right of termination, in conjunction with the two year limitation, creates a potential protection gap. Many serious radiation injuries are not evident until many years after exposure, and an insured nuclear facility operator might well be held liable for claims asserted more than two years after the policy expires. This is especially true because many applicable statutes of limitation are held to run, not from the date of the nuclear incident, but from the date when radiation injury is first diagnosed. If insurers were to exercise their right to terminate coverage immediately after a major nuclear incident, it is possible that a large portion of insured's liability would not be covered, due to the cut-off provision.

The publication notes that it is not unreasonable for nuclear pools to insist that their policies prescribe some cut-off period on claims arising after cancellation of a policy. However, in view of the known delayed effect of radiation injuries, a 10 year limitation period would appear to be more equitable for the interests of insured and the pools.

The publication also notes that while the liability of AEC under the proposed indemnity agreement is on a per incident basis, the liability of insurers under their policies is on an aggregate basis for all incidents at an insured

(CONTINUED ON PAGE 31)

Public Lacks Property Loss Cover But May Sue Nuclear Operators

At the moment the insurance business has made no provision for protection of the general public against property losses caused by radioactive contamination, Joseph P. Gibson Jr., president of American Mutual Re, told the fire conference in Chicago of Conference of Mutual Casualty Companies. As examples, he cited churches, schools and small mercantile risks.

In fact, fire policies on such risks now contain a special endorsement excluding the coverage of radioactive contamination, he said. There is a question in the minds of some fire underwriters as to whether or not this endorsement is effective on a statutory fire policy. To eliminate this possible ambiguity, a model law has been drafted by an all industry committee and approved by National Assn. of Insurance Commissioners for introduction in the 1959 legislatures of those states that have a statutory fire policy law.

If and when this model law is passed, fire insurers and catastrophe reinsurers, in particular, will rest much easier, he said.

In the meantime, however, such risks are not without some protection. In the event of radioactive contamination from a power reactor or any other atomic risk insured under a nuclear energy liability policy issued by one of the liability atomic pools, the owner

(CONTINUED ON PAGE 15)

Conn. Budget Embodies $2½ Million A Year Tax Hike For Local Insurers

HARTFORD—The budget submitted by Gov. Ribicoff assumes that the legislature will enact the $2½ million a year tax rise on domestic insurers that the governor has been pushing. Since he controls both houses, it seems assured that the $5 million added tax for the biennium will be passed.

The tax applies to all classes of insurers but affects life companies more than others because the tax is on interest, dividends and rents, also on annuity considerations.

The tax on domestic companies would be about $10 million if the law is not changed.

Producers Stuck With Independence As Selling Point

Matthew Napear, former chairman of New York Insurance Brokers Assn., declared that independent agents and brokers are left with "independence as their selling point in a world where inflation has made price vital and where the worship of security has made independence a secondary consideration." He spoke at a meeting of the insurance section of Young Men's Board of Trade of New York City.

The agent or broker, dealing in service and intangible products, is faced with aggressive competition by other types of insurers who offer service and the same products, plus price reduction, Mr. Napear observed.

There are some who view today's tangled picture as just another phase in a cycle, he continued. They expect the business to recover eventually and go forward. But he believes that the agency and brokerage system faces a sharp break from precedent. This will not necessarily occur in the immediate future nor simultaneously on a countrywide basis, but the probability is that the business will be forced to conform to the socio-economic patterns now taking hold in the American market place.

Competitive Advantages

Exclusive agency companies, erroneously called direct writers, are expanding into virtually all of the personal coverage fields and are moving into the commercial area, Mr. Napear said. Regardless of how their product and service is viewed, they have the lure of cut prices, aggressive merchandising, and a public receptive to discount methods. Their tremendous growth digs deeply into the volume available to independent agents and brokers.

He is on record in favor of needed automobile rate increases. However, he said he was a little shaken in his conviction by the disastrous effect of commission cuts and restricted markets on producers while companies are reporting improved 1958 results. He does not begrudge the improvements and the growth in capital and surplus. But he notes that agents and brokers appear to be expendable.

Mr. Napear said it is apparent that the doom of the small and marginal producer is sealed. Many in this group realize that their only chance lies in increased volume through combined operations, mergers, and purchases of accounts. Many such deals have been

(CONTINUED ON PAGE 26)

"THE PRESIDENT MUST BE WRITING A SHORT ANNUAL REPORT THIS YEAR!"

Auto BI Puts 1958 Casualty Results Of Travelers In Red

Fire and inland marine lines showed an underwriting profit for the Travelers group in 1958. A&S results improved over 1957. Although casualty lines continued unprofitable due to poor automobile BI experience, an appreciable improvement was shown over the previous year.

Travelers Indemnity had an underwriting loss of $13,603,000 compared with a loss of $1,791,000 in 1957. This was largely due to the fact that in 1958 a redistribution of automobile liability premiums was made between Travelers and Travelers Indemnity. This resulted in a substantial increase in premium volume for Travelers Indemnity and an increase in its surplus of $27.5 million paid in by Travelers. Unearned premium reserve increased by $46,969,000.

Written premiums of Travelers Indemnity and Charter Oak were $325,977,000, an increase of 34.1%, reflecting the transfer of auto liability premiums from Travelers.

The companies wrote premiums of $247,402,000 for all automobile lines compared with $227,494,000 in 1957. This was essentially a reflection of rate increases, since a smaller number of risks were written. Although considerable improvement was shown

(CONTINUED ON PAGE 30)

Says Direct Writers Benefit Good Agents

Stepped up competition by direct writers in the casualty field should be welcomed not feared by the professional independent agent, B. P. Mazonson, agent of Lynn, Mass., declared at the graduation dinner of Aetna Casualty's sales course. Mr. Mazonson, who completed the course 10 years ago, said that part time agents will be driven out by competition and well trained producers will then have more prospects.

B. P. Mazonson

He urged agents to join professional associations and groups, to keep pace with new trends and to transmit their ideas on what will benefit the business to the insurers they represent. He told the graduates that the training they received in the five week course should put them on a par with 75% of the agents now active.

The class was led by F. Walter Schieman of New Orleans. Other blue ribbons for high scholastic standing were awarded to Wesley H. Ludlam Jr., Wildwood, N. J.; Charles B. Crouse Jr., Warren, O.; Bernard J. Dillemuth, Cleveland; Thomas L. Sears, Rockville, Conn.; James R. Evans, Dunbar, W. Va.; Donald L. Hamm, Buffalo, and David L. Service, Philadelphia.

Gold ribbons for demonstrating outstanding insurance sales methods went to Robert G. Marchetti, Jackson, Miss.; Joseph Mazonson, Lynn, brother of the speaker; Timothy F. Robinson, St. Petersburg; Mr. Sears and Mr. Schieman.

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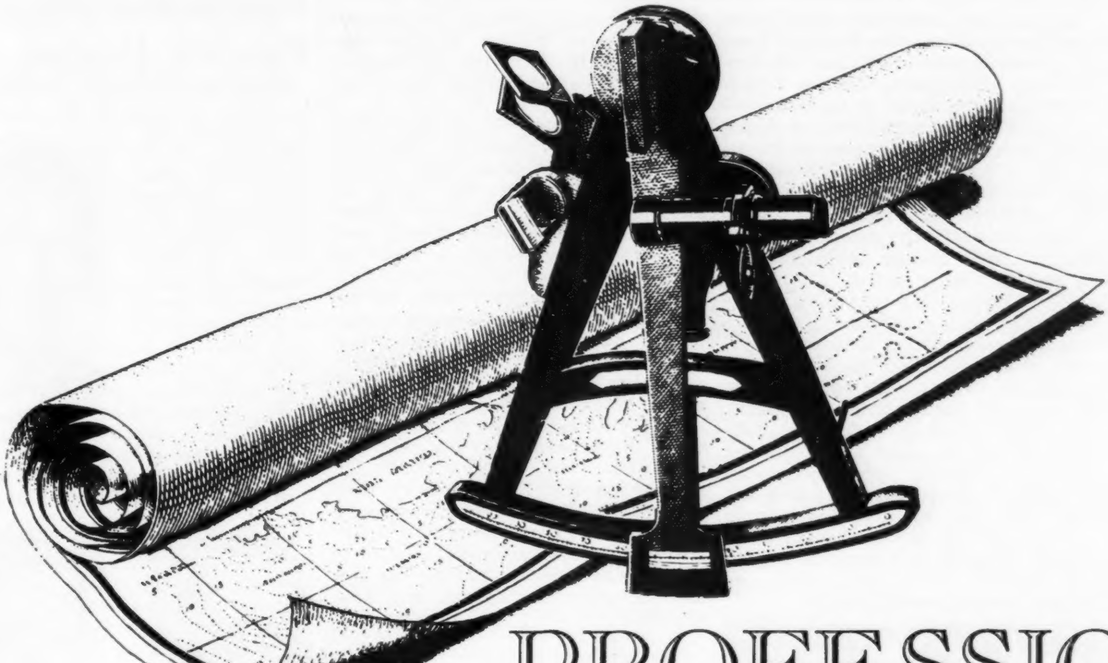

PROFESSIONAL COMPETENCE

Recently, an insurance executive spent 72 hours with 26 of the best trained salesmen he had ever known. Only two of these men had sold anything before the late Franklin Roosevelt was first elected. After several hours of discussion, arguments, questions, alibis and buck passing, he finally reached a revealing diagnosis: only 2 out of the 26 men knew anything about selling in a buyers' market, and only these 2 were up to quota for the last quarter of 1958.

Some may recall the statement of a large mail order house president a few years ago: 78% of our people have had no adult experience in World War I, 64% know nothing about the crash of 1929, 59% have had adult experience with but a single Republican administration, and almost half of all our buyers, salesmen, storekeepers, etc., have never known anything about a so-called *free market* — one where the buyer looks, feels, smells, thinks, asks a price and moves on or occasionally buys.

Experience in presenting and selling an insurance program requires just as many years to develop as the techniques of a heart specialist. That is why the men who have passed 50 are important to today's appraisal of the selling effort. They know a buyer and how to set up the machinery to sell him quickly. Keep the youngsters — train, educate and season them in the school of hard knocks — but bring the experienced practitioner out of hiding.

This is a great day for those born before 1900 and shortly thereafter if they know how to sell. Leo B. Menner & Company is a natural complement to their wisdom and their ability. Ours is an organization of ideas, understanding and action which responds quickly to the needs of producers — those whose aspirations surpass mere running with the tide. Its service always speaks out . . . with irresistible appeal . . . for those who have mastered the use of that powerful business tool — experience.

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General Of Seattle Plans $1 Million Ad Campaign

General of Seattle will spend over $1 million in the next 12 months on its biggest advertising and sales promotion campaign. Promotion will be made on network radio and in national consumer magazines, the first time the company has used the latter media. Safeco automobile coverage, General homeowners policies and commercial insurance will be featured.

W. L. Campbell

W. L. Campbell, president, said General regarded the advertising program as a powerful tool that will enable agents to take advantage of the increasing number of motorists and homeowners. C. M. Noren, advertising director, will handle the campaign. Cole & Weber of Seattle is the company's advertising agency.

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The **Montana legislature** has killed an unsatisfied judgment fund proposal, but the house has passed an increase in workmen's compensation benefits.

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Twenty groups of claim men of State Farm Mutual Auto during the next 12 months, will attend **Vale Technical Institute** in Blairsville, Pa., for intensive training in auto material damage adjusting.

Loss Ratios On Fidelity Bonds Are Unfavorable, Have Been Worse, Zimmermann Tells Surety Men

Fidelity loss ratios in recent years have been unfavorable, Peter A. Zimmermann, assistant secretary of Surety Assn. of America, told the February meeting of Assn. of Bond Underwriters of New York City. However, there have been other periods in the history of suretyship in which loss ratios were as bad as or even worse than the current ratios, he said.

Fluctuations in the general economy have a direct bearing on fluctuations in the loss ratio, he stated.

He suggested that tightening of underwriting and development of more detailed underwriting data on individual risks are indicated by present conditions. Countrywide reaction from all parts of the business—producers, underwriters and insured alike—indicate that Surety Assn.'s formula for how much honesty insurance should be carried is the answer to a long felt need. The application of this formula to every existing bond and every prospective insured is a measure surety and insured could take with undoubted mutual benefit, he said.

Mr. Zimmermann discussed official bonds at the annual meeting in New York of Assn. of Towns of New York State. At a panel session for collectors and receivers of taxes he said that the relationship between the bonded official and his surety is unique. Probably no other business relationship is so close and, paradoxically, so formal. It is formal because it is circumscribed by legal requirements and statutory limitations. But it is at the same time a working arrangement that has proved beneficial to the public officer and generally satisfactory to the surety. This is due in large measure to the fact that the interests of both officer and surety are identical.

The bond given for the benefit of the municipality does not exonerate the official from his personal liability and responsibility for the funds the laws provide shall be in his custody, Mr. Zimmermann said. Absent any law specifically relieving him, the public official has been usually held by the courts personally liable for any robbery, burglary, theft, forgery, mysterious disappearance or destruction loss. Consequently, burglary-robbery and other insurance on public property in his care are necessary.

If the official has the duty to collect taxes, the appeals court has held that upon failure to collect a tax which should and readily could have been collected in the proper performance of his duties, an officer and his surety are liable. This responsibility also is regarded as including liability for acts and omissions of deputies and subordinates, he said.

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Improvement In Underwriting For Pacific Indemnity

Substantial increases in premiums, assets and surplus to policyholders and an improvement in underwriting operations during 1958 were reported for Pacific Indemnity by C. R. Herda, president.

Gross premiums were $43,451,361, an increase of 8.88%. Net premiums amounted to $36,779,109, an increase of 8.15%. Underwriting operations improved, although a loss of $1,929,905 was registered, compared with a loss of $3,035,050 in 1957.

Net investment earnings amounted to $1,382,493, or $5.76 per share, compared with $1,335,931, or $5.57 per share in 1957.

Combined underwriting and investment operations, without regard to equity in the increase in unearned premium reserve, produced a net loss during 1958 of $479,117, or $2 per share, compared with a loss of $1,682,057, or $7.01 per share during 1957.

Assets at Dec. 31 amounted to $61,646,384, an increase of $5,241,390. Surplus to policyholders was $16,677,480, an increase of $1,493,119.

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Cook, Others Named By Republic Indemnity Of O.

William C. Cook, a son of one of the founders, has been elected president of Republic Indemnity of Columbus. He succeeds the late Charles E. Nixon.

William W. Matchneer Jr. has been elected a director of Republic Indemnity and was named secretary also, succeeding in that post K. G. Morris, who was promoted to chairman and treasurer.

John F. Heller Jr. has been named manager of the fire division and Robert J. Turner is in charge of claims.

Hoisington Insurors Formed

Hoisington (Kan.) Insurors has been formed by local agents there.

M. V. Johnson was elected president; V. L. Durand, vice-president, and Everett W. Fuller, secretary-treasurer.

Mutual Of Omaha Names Barrett, Randall, Hoebel

Mutual Benefit H.&A. has appointed L. F. Hoebel, James E. Barrett, and A. W. Randall, vice-presidents. Also named are John Bock assistant vice-president and chief statistician, Roger McGargill assistant secretary, John D. Minton assistant comptroller, and Hugh M. P. Higgins assistant vice-president.

A. W. Randall

Mr. Hoebel has been with the company since 1950 and is also assistant treasurer and chief investment officer. He is a director of Companion Life. Mr. Barrett has been an assistant vice-president. With Mutual Benefit H.&A. since 1941, Mr. Randall is in charge of group insurance.

L. F. Hoebel

James E. Barrett

Mr. Minton, who joined the company in 1950, has been an administrative assistant. Mr. Bock, with the company for 20 years, has been assistant to the chief statistician. Mr. Higgins was formerly with the company's agency in New York, and he will be in charge of association group.

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American Reliable Had 33% Gain In Assets In '58

American Reliable of Minneapolis at the end of 1958 had assets of $1,467,528, a 33% increase. Premiums rose to $1,351,328 and surplus increased by $27,000 to $428,026.

President J. E. Murphy said the company plans to enter five more western states in 1959. The company is now in 12 states and plans are being made for the opening of a southwestern department office at Phoenix to handle Arizona, Nevada and New Mexico

Says Public Should Be Kept Informed On Rising Medical Costs

All factors influencing the costs of health care services should be continuously placed before the American people by all groups in the field—insurers, doctors, hospitals—because the public will pay more for its medical care only so long as it feels that the services offered by these groups are necessary for obtaining the best possible treatment, James R. Williams, vice-president of Health Insurance Institute, said in his talk before the "Progress and Problems" symposium of Health Insurance Assn.'s group insurance forum at New York. He noted that medical care expenses accounted for the sharpest rise in the government's cost of living index. He cautioned against jumping to conclusions, however, adding that high costs do not necessarily mean unreasonable costs. Better medical care available today he said, requires complex and costly equipment, health restoring devices and services of all kinds.

Robert R. Neal, general manager of HIA, another symposium speaker, discussed 1959 legislation developments.

Modern Medical Care Costly

Mr. Williams said that modern medical care calls for expensive hospital facilities, salaries and wages of at least two hospital employes per patient. Hospital payrolls, he noted, account for more than 60% of the total of all hospital expenses.

Those responsible for distribution of these health care services and for payment, must make sure that these services are not being used inefficiently or wastefully, he said. "To this point the health insurance business—and all groups in the health care field—must speak out boldly and vigorously."

Mr. Neal predicted the next two years would constitute a period of "very active concern for the health insurance business in Washington," but that legislative problems can be faced with increased confidence.

Three Investigations

Mr. Neal said that three congressional investigations affecting insurance—one in progress, one approved, and the other under consideration—will be added to the legislation already introduced to Congress. He said still more legislative proposals are yet to come.

"Some of these proposals," he warned, "could seriously undermine and impair the voluntary insurance system.

"While bills identical to the Forand type legislation of last session have been introduced in both the Senate and the House, it is indicated that a slightly different and potentially more dangerous approach may be taken this year than in the past."

Approach Greatly Modified

He described this approach as a greatly modified bill from last year's which would provide only hospitalization coverage for beneficiaries of the government's old age assistance program. The eligible age for benefit payments would be 70 rather than 65, Mr. Neal said.

"Seemingly, the high cost figures which were presented both by the Department of Health, Education & Welfare last year and the even higher figures presented by the health insurance business, have caused a retreat to this particular type of proposal.

"This could be an even more dangerous proposal than the former bill, because for those who are looking for a compromise—who would like the cost to be comparatively small with a smaller number of people covered and only in the older age group—this approach might be a palliative which they might accept at first glance.

"It is a truism that legislation is the result of compromise. In this case the compromise could be just as serious an entering wedge in the invasion of the voluntary health insurance field by government as the passage of the previously introduced bill itself."

Other Major Problems

Mr. Neal included among major legislative problems facing the business bills to eliminate age 50 as the basis for disability benefits; to increase social security benefits by 10%; to provide benefits for everyone over 65 regardless of social security qualifications; to create an HEW bureau of older persons; to provide a "baby medicare" program for retired members of the armed services, and to create a national institute of geriatrics.

Mr. Neal pointed out that meeting these issues "will not be a simple matter" and concluded, "However, because of the experience gained by the business in recent years in considering federal issues, and the great advances the business is making in providing continuance of coverage and new insurance for older age groups, we can meet these issues with a greater degree of confidence in spite of the concern which they engender."

Acquit Two In Loyalty Case

H. A. Trotter, suspended 2nd vice-president of Firemen's, and Albert S. Borok, Newark furniture merchant, have been acquitted of charges that they defrauded the insurer. They were indicted with the late John R. Cooney, former president of Firemen's, on charges that fraudulent bills were submitted by Borok Furniture & Radio Co. and honored by Firemen's for work at the home office. The furniture company also was acquitted.

Allstate Names Eleven

Allstate has appointed John H. King life and A&S sales supervisor at Philadelphia; Edward M. Madden personnel manager at Harrison, N. Y.; Lincoln H. Hinsch public relations manager at Dallas; Robert L. Glodowski midwest zone sales trainer at Skokie, and Oliver D. Farris district sales manager at Houston.

Also named were William Petree district sales manager at Menlo Park, Cal.; Glen M. Alford sales manager at Skokie; John H. Geske commercial casualty sales supervisor, Richard J. Doranski, district sales development manager, Jack B. Magnum sales development manager, and Raymond G. Bruckman sales manager, all at Detroit.

Good Year For Bituminous Casualty

Bituminous Casualty had a 10.6% increase in premium volume in 1958, the total being $26,088,829. Underwriting gain was $741,884, up nearly $500,000. Investment income totaled $1,019,253, so that the underwriting and investment operations permitted the addition of nearly $1,950,000 to surplus which now stands at $12,132,084.

Assets Dec. 31 were $51,324,416.

Agreed WC Bill In Mo.

Details of the "agreed" workmen's compensation bill for Missouri were described by Seldon E. Brown, insurance manager of Associated Industries of Missouri, at a luncheon in St. Louis.

The bill, put together by the advisory committee on workmen's compensation consisting of labor and industry, provides for an occupational disease statutory definition, radiation injuries, loss of hearing caused by industrial noise, increased benefits and some new procedures as to posting notices of elections to accept or reject the law, and other provisions.

Ohio Casualty Reports Gains

Ohio Casualty showed an improvement in 1958, President Howard L. Sloneker Jr. reported. Net income of Ohio Casualty, Ohio Ins. and West American after taxes was $2,726,845 compared with $790,502 in 1957. The group had an underwriting gain of $2,393,335 and investment income of $1,541,250.

The ratio of incurred losses and loss expenses to earned premiums was 56.0 and of expenses to premiums written 37.5, for combined loss and expense ratio of 93.5, as against 97.9 in 1957.

The group's net premiums totaled $64,032,722, an increase of nearly $7 million. Assets Dec. 31 were $81,204,658 and gross surplus was up $3.7 million at $26,404,104.

A bill has been introduced in **Michigan** to allow attorneys to provide their clients with insurance against embezzlement by lawyers. The author, an attorney, explained that he is a "realist," and recognizes that there are dishonest lawyers.

Eyes Values, Dangers In New Homeowners

Dwelling package premiums for 1958 are estimated at $325 million, William H. Rodda, manager of Transportation Insurance Rating Bureau, told the fire conference of Conference of Mutual Casualty Companies in Chicago. In only three states are homeowners policies presently not available —Mississippi, Missouri, and Oregon. The development of more than $300 million dollars in premiums in seven years shows the tremendous popularity of the package, he said. The homeowners is here to stay.

As of Feb. 5, the new homeowners program had been approved in eight states. There is no loss experience, but there is already some sales experience. The new program is replacing the old homeowners and comprehensive dwelling policy without major disruption so far as agents and policyholders are concerned. For companies, one program instead of two is a welcome relief.

The difficulties that have arisen so far principally result from (1) effective dates before the companies have policies and forms, (2) the few cases in which one or the other of the old programs was broader as to eligibility than the new program, and (3) the problems of both agents and companies in mastering the differences that must now be taken into account.

Describing the principal ways in which the coverage differs from the former program, Mr. Rodda observed that in one respect the broadest homeowners policy is more restrictive than the other forms. This is in connection with jewelry, watches and furs. The theft coverage of forms 1, 2, and 4 is limited to $1,000 on a single article of jewelry, including watches, necklaces, bracelets, gems, precious and semiprecious stones and any article of gold or platinum, or any article of fur or any article containing fur which represents its principal value.

However, he said, under form 5, the broadest, there is a flat $250 limitation for loss on these articles, except that the limitation does not apply to loss by fire, lightning, windstorm or hail, smoke, explosion, riot, riot attending strike, civil commotion, falling aircraft and other falling objects, vehicle collision, vandalism and malicious mischief, and collapse of building.

There is no provision under form 5 to extend the $250 limitation to $1,000. But it would still be a limitation per loss and not per article. This is justified on the ground that form 5 is intended to replace the personal property floater, and it is intended that the coverage correspond with the PPF. Also, those who buy form 5 are likely to have large amounts of jewelry and furs, so the insurer would be exposed to an extremely high loss possibility unless there were severe restrictions on the jewelry and fur coverage. However, this makes it necessary for the agent to call his prospect's attention to the limitation, and arrange for specific scheduling of all important items of jewelry and fur.

Must Be Written Carefully

Mr. Rodda believes that the homeowners must be written carefully in view of the loss ratios. The rate level under the new program is lower in most cases than under the old. The lower level makes it even more imperative that companies use the program for the preferred class of business for which it was intended. He urged companies to underwrite the package only for preferred dwelling risks.

There will be little need for deviations in form to bring the new program into line with specific policies, he said. There is not the same opportunity for companies to add gimmicks to secure a competitive advantage that was present under the old program. It seems doubtful whether any advantage in deviations in form would be sufficient to pay the expense of making the deviations and getting approvals of them.

He warned companies that when considering rate deviations they should examine their experience and that of the business with great care. The apparent substantial reduction in premium level from the premiums that would be secured from individual policies granting the same coverage makes it important to watch the loss experience to see if it will be in line with premiums.

The new program should prove an excellent sales package, he believes. For the policyholder whose needs can be fitted into the homeowners program, it is an excellent coverage and a favorable premium. For the policyholder with a special problem, the companies still have individual policies. Though the new homeowners is more flexible than the old, in many situations individual policies still will be needed.

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Hartford Fire has promoted Roland C. Fitch to assistant superintendent of printing and supply, and Edward P. Irving to assistant in purchasing. Mr. Fitch joined the company in 1934, and Mr. Irving in 1935.

Says Outlook For Group A&S Business Is Less Than Rosy

Continuing increases in the cost and utilization of medical care services have resulted in excessive loss ratios and operating deficits for many companies writing group A&S coverages, and the somewhat less than rosy outlook for the immediate future calls for careful reappraisal of underwriting rules and procedures.

This assessment of the problems of underwriting group health insurance in the light of changing conditions and the development of new coverages was given by Brooks Chandler, assistant vice-president of Provident Life & Accident, during a panel discussion of group A&S underwriting problems at the group insurance forum of Health Insurance Assn. at New York.

Moderator of the panel was H. E. Bliss, manager of group underwriting of Employers of Wausau, and other panel members were Donald D. Cody, 2nd vice-president and group actuary of New York Life, and Paul H. Rinker, vice-president of Continental Assurance.

Fields To Re-Examine

Mr. Chandler, who spoke on problems of new group departments, suggested that among the rules and procedures which might be re-examined, changed to meet current conditions or strengthened are those relating to groups which, as a class, have produced generally unsatisfactory experience in claim ratios; measures to provide more adequate information on experience of previous insurers, and procedures promulgating effective reinsurance.

Mr. Cody, who discussed renewal underwriting, said the most difficult problem in this field was the level of loss ratio. Noting the high range of loss ratios, he said this had resulted from the rapid and steady increase in the utilization and unit cost of medical care.

Mr. Rinker, who covered methods and mutual responsibilities, said facts and history, evaluation of previous loss ratios, agent ability and reports of regional offices and salesmen on special problems in the area or with the case were all important considerations in renewal underwriting.

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Form Specialty Insurer

Guardian Ins. Corp. has been formed at Baltimore. Securities & Exchange Commission has approved the offerings of 300,000 shares of common stock at $11 per share.

Samuel H. Hoffberger, Baltimore attorney, is the principal behind the new insurer. He indicated that the company will compete with Federal Savings & Loan Ins. Corp. for the business of insuring deposits of savings and loan associations, building and loan associations, etc.

In Maryland there are 328 uninsured savings and loan associations. Many of the smaller organizations do not qualify for federal insurance of deposits.

Guardian's chairman is Millard E. Tydings, former senator from Maryland.

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Providence Washington Performance Improves

Providence Washington had an underwriting loss of $446,520 in 1958. Policyholders surplus rose to $14,064,469 from $11,998,176 in 1957. The loss and loss expense ratio to premiums earned was 59.9, and the ratio of other expenses to premiums written was 42.7. These ratios were down from comparable figures of 62.7 and 45.1 the year before.

In his report to stockholders, Roy E. Carr, president, stated that the company had an underwriting profit of $370,208 in the last six months of 1958. He further noted that in the last five years, underwriting expenses, other than commissions and taxes, have been reduced more than $2 million, or 37%. As a result, the ratio of expenses to premiums written has been reduced from 48.5 in 1953 to 42.7 in 1958, despite a reduction of 9% in premiums written in the same period. This reduction has been due to elimination of unprofitable business.

Investment income in 1958 was $1,072,119. Operating profit for the year was $625,599, an increase of $463,417 over 1957.

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Guarantee Mutual Moves Services To Worcester

All operating services of Guarantee Mutual Fire are being transferred from Springfield, O., to 440 Lincoln Street, Worcester, Mass. Worcester Mutual Fire and Guarantee Mutual Fire became affiliated some time ago.

Perry Joins Thompson At Seattle

G. L. Perry, retired assistant resident manager at Seattle of Hartford Accident in charge of the surety department, has joined the Stewart G. Thompson general agency there to manage the new bonding department.

Battles: Constant And Largely Inaccurate Self-Perusal Making Business Neurotic

A characteristic of the business today is its constant self-perusal, about which it is becoming almost neurotic. Furthermore, this perception has been less than keen and far from profound—primarily because attention has been directed to symptoms rather than to fundamental causes.

Robert E. Battles

This was the opinion of Robert E. Battles, Los Angeles, as he addressed the Arizona Insurance Day held on University of Arizona's campus.

For the last six or seven years insurance organization platforms and press have bristled with analyses of alleged ills. Speakers and writers have almost invariably prefaced their remarks by explaining that they have been moved to speak after an examination into the facts. Unfortunately, a great deal more effort, vigor and emotion has been put into talking about conditions than has been devoted to examination, he said.

In many quarters this introspection has taken on an almost morbid tinge of self-incrimination, one example of this being that old cliche: "We are pricing ourselves out of the market."

Perhaps such a conclusion can be

(CONTINUED ON PAGE 22)

Mertz, Martin Are Advanced By NAII

Arthur C. Mertz has been promoted to general counsel of National Assn. of Independent Insurers, and Stephen I. Martin becomes assistant counsel.

Mr. Mertz has been counsel of NAII. A graduate of the University of Montana law school, he joined the association in 1953.

Mr. Martin has been an attorney on the NAII legal staff. He graduated from the University of Chicago law school.

Celina Mutual Names Four In Ohio, Kentucky

Celina Mutual has named Richard C. Clausen special agent at Cleveland and has set up an office at Louisville for central and western Kentucky with Special Agent Joseph Goosmann in charge. Roger Harbison has been assigned to Athens, O., as an adjuster, and Edmund C. Major to Cincinnati as claims adjuster.

Guterma Dealings Touch Insurance

The financial maneuverings of Alexander L. Guterma, described in the Feb. 15 New York Times, offer some insurance implications.

Mr. Guterma, who is wanted by the Securities & Exchange Commission for failure to file reports required by SEC regulations, had dealings with BenJack Cage and Lowell M. Birrell, both of whom are known to insurance people.

The Times reports that one of Mr. Guterma's big promotions was Western Financial Corp. The name of this corporation was changed to Diversified Financial Corp. and was disposed of to BenJack Cage. It is stated in the Times that Mr. Cage had only a brief run with Diversified Financial Corp., during which time he changed the name to Consolidated American Corp. Stock in Consolidated American sold in the summer of 1956 at $2.50 a share, and a few months later at 2½ cents. It is now in bankruptcy.

Another of Mr. Guterma's deals was the obtaining of control of United Dye & Chemical, which the Times says was in the hands of Lowell Birrell, who fled to Cuba in 1957 after a scandal involving the Swan-Finch Oil Co. One of the holdings of United Dye & Chemical was Central Standard of Sioux Falls, now in bankruptcy.

Texas' Boy Wonder

Mr. Cage will be remembered as the boy wonder of Texas insurance who organized ICT Ins. Co. of Dallas, and Mr. Birrell is well known as an associate of Stewart Hopps, whose insurance career includes connections with Rhode Island, William Penn, Pioneer Equitable, and reputed connections with General American Casualty of San Antonio, Trans-Pacific of Phoenix, Inland Empire of Boise, Central Standard of Sioux Falls, International Guaranty & Fidelity of Tangier, Morocco, and others.

Employers Casualty Reports

Employers Casualty of Dallas in 1958 had underwriting results about the same as those of 1957, but surplus was increased by $557,527 owing to a rise in the market value of common stocks.

The company wrote $21,179,675 in premiums, a decrease of 4.1%, but earned premiums increased to $20,765,666, up 1.4%.

Stockholders voted to reduce the par value from $10 to $5 a share, which will result in a 100% split.

Propose Md. Code Revision

A resolution has been introduced in Maryland calling for complete revision of the state insurance code. The resolution would set up a commission of seven to 12 members representing all types of insurers and the legislature to study the laws with the objective of bringing them up to date. The commission's recommendations would go to the legislative council by Oct. 1, 1960, and to the assembly in 1961.

To Cover Loss From Abandonment Of Queen's Royal Visit

George F. Brown & Sons, Lloyds agency of Chicago, has been informed by its Lloyds broker in London that facilities are being offered to cover Canadian and U. S. interests in the event of "abandonment or curtailment of the royal visit" of Queen Elizabeth II which is scheduled to begin June 18. Coverage is for abandonment or curtailment of the visit "through any cause, not subject to the war exclusion clause."

The notice points out that a good deal of prior expenditure will be incurred by civil authorities and commercial and broadcasting interests in anticipation of the fulfillment of the royal visit. The insurance would cover the net loss of expense and/or commitments sustained or incurred.

The rate is 3% subject to revision "should the international position deteriorate or other circumstances arise which would materially effect the risk." The limit is $125,000 for any individual insured.

Insurance Credit Assn. Enters Auto Physical

Consumer Credit Insurance Assn., the official trade organization of companies writing credit life and A&S, has established a credit auto physical damage division and appointed William M. Busch as manager and counsel of the unit, with headquarters at the head office in Chicago.

Charter members of the new division are the 17 member companies of the association with a credit auto physical affiliate. The new division now serves as a clearing house and service center for these companies, but other members will be added who write credit auto physical only.

Mr. Busch was a former attorney for the Kansas insurance department and most recently was business manager for that state's board of health. He also held an agent's license there and maintained a private law practice.

Ohio Mutual Insurers Hold 80th Annual Rally

The 80th annual meeting of Ohio Assn. of Mutual Insurance Companies was held in Columbus Feb. 17-18. C. L. Mittman, Clark County Mutual, Springfield, was elected president to succeed Paul Krauter, Ohio Mutual Wind, Bucyrus. Albert C. Hawes, Cincinnati Equitable, was elected vice-president. Kenneth G. Rhode, Lightning Rod Mutual, Wooster, was reelected secretary and treasurer.

Principal speakers were George A. Christensen, president National Assn. of Mutual Insurance Companies, and Hyde Perce, secretary of Mutual Insurance Committee on Federal Taxation.

Attendance was the largest in history.

American Casualty Holds A&S Classes In Chicago

American Casualty A&S classes, held at Chicago for six days, were attended by 23 agents from six midwest states. The regional classes, under the direction of J. B. Salsbery, educational director, are held semi-annually. Classes are continuing in Chicago in fidelity and surety, casualty and workmen's compensation, and in property lines. Similar classes will be held at the home office and at Atlanta in March.

N. J. Fire Rates Increased By 9.1%

New Jersey has approved a revision in fire rates filed by Fire Insurance Rating Organization of New Jersey. Dwelling building rates are reduced 13%, but dwelling contents go up 5%. Numerous other changes result in a 9.1% increase in fire premiums of those companies represented by the bureau.

Increases were approved on about 30 occupancy classes. Churches were increased 26.9%. The indicated increase was 103.5%. Piers went up 26.7%; here the indication was 366%. Non-manufacturing sprinkler buildings, where the indication was 197%, have been increased 26.7%, building and contents. The chemical class is up 22.7%, against an indication of 40%. Hotels were increased 26.1%, against an indication of 35.9%. Some mercantile contents rates went up. Apartment houses were increased 25%, farm buildings 25%, and boarding houses 20%.

Ordinary Construction

All these increases were affected in the ordinary construction classes 1, 2, 3, and 4, protected and unprotected. There were no increases in fire resistive structures on these classes.

Changes include the reduction in term discounts on three and five year business which have been adopted in many other states. The three year factor is now 2.7 times the annual premium instead of 2.5, and the five year premium is 4.4 times the annual premium instead of 4.

This is the first major rate adjustment approved in New Jersey since 1955 when fire rates for all classes were reduced approximately 13.5.% Commissioner Charles R. Howell indicated that in spite of severe losses and continued inflation, the new fire rates are approximately 5.5% lower than those in effect prior to 1950. The dwelling building rate, with the new reduction, is 42.6% less than it was before the 1950 change.

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U.S.F.&G. Raises Day

U.S.F.&G. has advanced Robert P. Day from surety superintendent to assistant manager at Memphis. He joined the company as a safety representative in 1948. He was a fire and marine special agent from 1953 until 1957 when he was named to the surety post.

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National Union Has Two New Specials In New York

National Union has appointed Bruce Kull special agent in the New York suburban field. He will cover Westchester and Putnam counties. He was formerly with Royal Exchange.

James A. Campagna becomes special agent in the Albany territory. He was with New York Fire Insurance Rating Organization a number of years.

15 New NAII Members

Fifteen companies recently have become members of National Assn. of Independent Insurers. Of the new members, 12 are stock companies, two are mutuals and one is a reciprocal.

The new stock company members are General Reinsurance, Royal Standard of Little Rock, Protective of Indianapolis, Northland of St. Paul, Marathon of Los Angeles, Olympic of Los Angeles, First Fidelity of Oklahoma City, Protective National of Omaha, Autosurance of Atlanta, Fidelity Union F.&C. of Dallas, Preferred Risk Auto of Newark, and Metropolitan Fire of Hartford.

The mutuals are Frankford Mutual Fire of Philadelphia and Georgia Farm Bureau Mutual of Macon. Illinois Casualty of Rock Island is the reciprocal addition.

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Aetna Casualty 1958 Results Improve

Aetna Casualty and Standard Fire had combined written premiums of $306 million in 1958, an increase of $27 million over 1957. Aetna Casualty showed a $3 million loss on automobile writings, but favorable experience in other lines gave the company an over-all underwriting profit compared with the severe underwriting loss of the year before.

Aetna Casualty assets increased $87 million to $600,447,000 in 1958, and policyholders surplus rose $48 million to $205,767,000. Standard Fire assets increased $3 million and policyholders surplus $2 million to stand at $30,695,000 and $14,356,000, respectively, at the year end.

Selling Tops NAMIA Midyear Program

Heavy advance registration indicates a record breaking attendance of more than 500 at the midyear meeting of National Assn. of Mutual Insurance Agents at Hollywood Beach, Fla., March 23-25. The principal forum will analyze the problem of how to sell insurance at a profit.

Henry K. Duke of Cumberland, Md., will discuss current coverages and methods of rating and selling. Forum participants are Joseph M. Muir, Mutual Insurance Rating Bureau; Robert H. King, Raleigh agent; Harry Foster, Utica Mutual, and T. L. Osborn Jr., American Manufacturers Mutual. George D. Haskell, American Mutual Alliance, will be moderator.

The results of the NAMIA survey on the cost of agency operations will be announced. This project was conducted by a committee headed by Joseph L. Norton of Charlotte.

The most pressing problems agents have today will be considered by a panel of five NAMIA vice-presidents. They are John Keyser, Kalamazoo; Hugh E. Wyatt, Tulsa; Claude E. Spencer, Danville, Ill.; George R. McKiever, Miami, and T. Craig Watson, president of the Carolinas association. Henry D. Bean, Haddonfield, N. J., president of NAMIA, will moderate.

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AIU Holds Japanese Art Exhibit At Head Office

American International Underwriters is holding an exhibit of Japanese art and commercial products at its head office in New York. The display which was opened by A. E. Gilbert, executive vice-president of AIU, and Masahisa Takigawa, deputy counsel general of Japan, includes Kabuki figurines, antique brocades, a priceless Samurai headdress, model sets of the Metropolitan Opera's production of "Madam Butterfly," and several modern commercial items.

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Atlanta Assn. of Independent Agents is holding a special luncheon honoring Georgia State College for its contribution to insurance education. Guest speaker is J. Dewey Dorsett, general manager National Assn. of Casualty & Surety Companies.

Study Of Regulated Competition Stresses Deviation And Independent Filings

A study in the workability of regulated competition in insurance, published by University of Pennsylvania Law Review, stresses the importance of independent filings and deviation from bureau rates. The study, by Irwin M. Stelzer, vice-president of Boni, Watkins, Jason & Co., New York and Washington management and economic consultants, and Joel B. Dirlam, associate professor of economics at Connecticut University, is based on significant changes in the business since the McCarran act in 1945.

The authors point out that if states are to avoid federal anti-trust intervention one thing that must be done is not only to pass but to enforce effective regulatory legislation that will provide opportunities for competition. This means allowing, within reason, deviations and independent filings.

The study states that the path of the deviator is difficult and "unnecessarily so." There is considerable interstate variation in treatment of deviations and independent filings.

The authors feel that National Assn. of Insurance Commissioners and/or an industry group should start a concentrated drive towards uniformity in state regulation. It is suggested that the NAIC should reach a determination "using standards as liberal as possible consonant with safety," regarding the extent to which individual company experience is acceptable in support of a deviation. Where such single company data does not suffice, the authors feel, bureaus should be compelled to provide, at reasonable fees, data for any subclassification which a company contends is worthy of consideration. The study also states that it is extremely important to adopt some approach which would eliminate the necessity of annual justification of deviations.

Citing anti-competitive practices of states, the study notes an "unintended effect" of the McCarran act that enables states to limit the ability of out-of-state insurers to compete with domestic insurers. An example of this is the South Carolina 3% tax on premiums written in the state by out-of-state insurers, whereas there is no similar tax of domestic insurers. This was upheld by the Supreme Court in 1946 (Prudential vs Benjamin) and thus became an example to other states. There is no economic justification for such a tax, the authors declared. States desiring to protect their citizens from out-of-state companies domiciled in states where regulation is less stringent can find more effective methods than a discriminatory protective tariff.

Different Philosophies

In discussing the variation in philosophies and policies of the states in relation to rate competition the authors say that there is usually one of three distinct approaches existent: An attempt to maximize and widen the scope of permissible competition within the framework of regulation; an attempt to limit rate competition to some minimal amount; or an attempt to impose clear-cut utility-type rate regulation, with the state commission promulgating rates and permitting no deviation.

Citing New Jersey as an example of the first type, the authors quote Commissioner Howell's statement that "the entire philosophy of the rating laws leans in favor of price competition in this state." An example of the second type is Kentucky where bills have been sponsored to restrict filings of deviations by preventing a company from filing rate schedules or rating plans made by a rating organization of which the company is not a member or subscriber; and prohibiting companies from filing rates made by another insurer. Texas provides an example of state imposed rate-setting. In the authors' view it is "fortunate" that Texas type regulation has not become widespread.

One problem facing potential deviators stems from the fact that the

statutes do not set out specific standards by which to determine whether or not a rate is excessive, inadequate or unfairly discriminatory. Thus the commissioners and state courts may arrive at non-uniform, even conflicting, interpretations of the statutes, whether as applied to rates arrived at by the bureaus or as applied to particular deviations from them.

Virginia, in 1957, refused to let Allstate subdivide auto collision classes beyond the subdivisions approved by the commission for Virginia Insurance Rating Bureau on the grounds that all companies should be required to use the same general classification. In contrast, Ohio determines whether or not a rate deviation is justified by examining the Ohio loss experience of the insurer, Ohio loss experience of other insurers or rating bureaus, and loss experience of the insurer and of other insurers outside the state.

Another problem faced by potential deviators is the opposition of the rating bureaus, whose intervention is provided for by the model regulatory laws. This opposition takes different forms, including limiting the right of partial subscribership. In a recent decision by the Arizona supreme court in Pacific Fire Rating Bureau vs North America, it was ruled that the model bills "obviously preclude freedom of rate competition that results from partial subscribership."

Rate Structure Improved

The authors conclude that the increased pressure on insurers since 1944 to justify their rates to state authorities has resulted in an improved rate structure. They feel that a series of modifications of the current regulatory procedures designed to facilitate deviation and independent filings is not inconsistent with the position that unrestrained competition would be unworkable. The requirement that companies desiring to meet the lower rates of competitors must also statistically support their reductions ensures, given judicious regulation, that rate-cutting will not reach ruinous proportions.

GAB Appoints At Eastern And Southern Branches

General Adjustment Bureau has appointed Irving A. Schwab territorial manager at Albany. Vaughn R. Williams succeeds him as branch manager there. Mr. Schwab joined GAB in 1926, serving at Altoona and Albany. In 1950 he was appointed manager at Johnstown, N. Y., and in 1954 at Albany. Mr. Williams joined the bureau in 1947 and for several years has been senior adjuster at Albany.

Wendell E. Ray has been promoted to general adjuster at Miami. J. A. Fisher succeeds him as manager at Suffolk, Va. Mr. Ray served as senior adjuster at Norfolk before being transferred to Suffolk in 1954. Mr. Fisher was formerly at Newport News, Va.

R. L. Blanks Jr., has been appointed manager at Greenwood, Miss. He succeeds M. C. Zachry, who has been appointed field examiner. Mr. Blanks was formerly at Montgomery, Ala.

Mannel Heads Insurance Unit Of Chicago Tribune

Robert N. Mannel has been appointed insurance manager of the Chicago Tribune, succeeding the late Russell F. Stephens.

Before joining the Tribune on Jan. 2, Mr. Mannel was assistant vice-president and manager of the engineering division of Rollins Burdick Hunter Co. From 1948 to 1951 he was with Johnson & Higgins.

Tenn. Surety Assn. Elects

Casualty & Surety Assn. of Tennessee elected E. T. Gaither Jr., Pacific National, president; H. H. Robinson, Richards, Scott & Lyle vice-president; Paul C. Cost Jr., American Casualty, secretary, and James Baxendale, Royal-Globe, treasurer. The retiring president, William T. Parish, U.S.F.&G., was elected to the executive committee.

Extend Purchase Offer For Anchor Casualty

MINNEAPOLIS — Craig-Hallum Inc. has extended until March 13 its offer to buy 66,300 shares of Anchor Casualty at $40 a share. Craig-Hallum is a stock brokerage house acting as agent for a group of Twin Cities investors.

In a letter to Anchor stockholders, Craig-Hallum said that if a better offer is made it will either be matched or the shares deposited with it will be returned.

T. Parker Lowe, president of Anchor Casualty, in another letter to stockholders, said management is continuing to explore "alternative proposals which would be equally advantageous to stockholders."

Anchor has declared a quarterly dividend of 25 cents payable March 15 to stock of record March 9. There are 110,000 shares outstanding. A dividend of 43¾ cents was declared on the $1.75 cumulative convertible preferred.

Pickles Named V-P Of Balboa And Arrowhead

William F. Pickles has been named vice-president of Balboa and Arrowhead. With the organization for five years, he will be in charge of sales promotion and underwriting of Arrowhead.

Bernard Retires After 50 Years With Royal-Globe

George A. Bernard, marine secretary of Royal-Globe, has retired after 50 years with the group. He joined Queen in 1909 and, after service in World War I, became manager of the automobile department of Newark. In 1935 he was elected secretary of that company, and in 1939 he was named marine secretary of the group.

Mr. Bernard was an organizer of the Royal-Globe glee club 20 years ago and was its conductor until 1956.

Buckwalter General Claims Head Of Home

Home has appointed Alan R. Buckwalter general claims manager, countrywide. The company also has appointed as territorial claims managers Floyd Leonardson, west; Charles R. Buchheit, south; John G. Kleinhenz, northeast; Arthur R. Griffin, middle Atlantic; Marvin Champlin, New York City; Daniel J. Ferguson, Pennsylvania; and Norris E. Alston, central.

Devises Readily Usable Life And A&S Sales Tool

A simple printed form to aid the life agent or the producer of property insurance to get into life production quickly and inexpensively has been produced by the Massomatic Programmer.

With the form, an extremely short training period, perhaps one day, is required for the agent to get into production. It can be used for one call or two call selling, depending on company policy and the agent's method of operation.

A complete sales talk is included on the face of the form, which the agent or broker may read to his prospect while pointing out the sentences with his pencil. If the broker wants to use his own sales talk, an alternate blank containing the same sliding device is available.

The presentation takes little time compared with some present day programming procedures. However, since the sales approach is on a needs basis with monthly income emphasized in a non-technical way, use of the form is aimed at producing a larger average size sale.

A&S may be included. Social security benefits are listed for ready reference.

The form, which can be easily integrated with any present marketing plan, is available from Massomatic Programmer, P. O. Box 230, Millburn, N. J.

Hartford Fire Cuts Underwriting Loss; Volume, Surplus Up

Hartford Fire group had an underwriting loss in 1958 of $1,287,153, compared with a loss of $7,018,688 in 1957 and a gain of $786,052 in 1956.

Premiums increased from $388,443,403 to $426,189,614. Unearned premium reserve increased by $19,261,046 to $269,928,795. Policyholders surplus at the end of 1958 was $363,231,222, a rise of $77,314,378.

Fire and allied line premiums in 1958 were $184,597,757, compared with $169,151,093. Casualty and surety writings were $240,441,197 against $218,204,437, and livestock premiums totaled $1,150,660 compared with $1,087,873.

Unpaid installments on term premiums not yet recorded as written premiums at the end of 1958 amounted to $79 million. This compared with $68 million at the end of 1957 and $51.6 million at 1956 year end.

The underwriting loss was $2,209,889 for fire and allied lines. There was an underwriting gain of $694,303 on casualty and surety and one of $228,433 for livestock. These figures compare with a loss of $4,387,681, loss of $2,879,317, and gain of $248,310, respectively, in 1957.

Expense Ratios Are Steady

For the group, the ratio of incurred losses to earned premiums was 53.72, compared with 55.79 in 1957 and 55.17 in 1956. The ratios of incurred loss expense to earned premiums for the same three years were 7.06, 7, and 6.47. The ratio of incurred expense to written premiums was 37.75 in 1958, 37.67 in 1957 and 37.49 in 1956.

Net investment income, excluding capital gains and losses was $22,294,221 in 1958, $20,904,670 in 1957 and $19,503,262 in 1956. Net gain from all operations in 1958 was $17,972,643, or $7.19 a share, compared with $13,076,234, or $5.23 a share in 1957.

Hartford Fire with written premiums of $172,935,990 had an underwriting loss of $2,006,320. Hartford Accident had written premiums of $240,441,197 and an underwriting gain of $694,303. Citizens had an underwriting loss of $21,996 on $1,849,019 of written premiums; New York Underwriters a loss of $87,231 on a $7,396,076 volume; Twin City a gain of $28,645 on a volume of $1,386,764, and London-Canada Ins. Co. a loss of $122,987 on premiums of $1,029,908.

In his report to stockholders, James C. Hullett, president, noted that while 1958 was not a good year for the group's underwriting, it was an improvement over 1957 and produced significant developments that augur well for the future. There are indications that the business has entered a period where there is hope of something approaching a reasonable return on insurance operations.

Notwithstanding the cyclical nature of the property and casualty business, the group has always attempted to chart and pursue a constant course, Mr. Hullett stated. This means recognition of and respect for the long range character of the business, and the group therefore avoids a vacillating underwriting program when dealing with producers and customers.

To Consider Fraternity For Insurance Students

A special committee has been appointed by American Assn. of University Teachers of Insurance to study possibilities of establishing a national college honorary fraternity for insurance majors. Committee members are Victor Gerdes, New York University, chairman; Jesse F. Pickrell, North Texas State; John D. Long, Indiana University; Harry J. Solberg, University of California; H. Wayne Snider, University of Pennsylvania; Kenneth J. Black Jr., Georgia State College; and Charles C. Center, University of Wisconsin.

Coast Office For Badger Mutual

Badger Mutual has opened a Pacific Coast office at Portland to service Washington and Oregon. Robert W. Nestel, who was head of the field and sales activities of Badger Mutual on the coast for the last year, will transfer to Portland, and Charles S. Scott, who has been with the home office adjusting staff, has been appointed regional claims manager.

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Maj. Gen. Melvin C. Maas, marine corps, retired, and Hugh V. Plunkett Jr., president of Sterling State Bank of Austin, Minn., have been elected to the board of **Mutual Benefit H.&A.**

700 Attend Dinner To Honor Wikler

NEW YORK—More than 700 members of the insurance department and representatives of the business attended the testimonial dinner for Julius S. Wikler, who has been replaced as superintendent by Thomas Thacher. A reception preceded the dinner. After dinner, George S. Van Schaick, former superintendent and chairman of Security Mutual Life of New York, spoke briefly. He replaced Albert Conway, former superintendent and now chief justice of the state's highest court, who was unable to attend because of illness.

Mr. Van Schaick introduced Robert E. Dineen, former superintendent, now vice-president of Northwestern Mutual Life; and Alfred J. Bohlinger and Leffert Holz, New York City attorneys and both former superintendents, who spoke in tribute of Mr. Wikler.

Mr. Thacher presented Mr. Wikler with a gift from the department. Solomon Bendet presented him with a gift on behalf of department examiners.

In responding to the eulogies and gifts, Mr. Wikler noted that the crystal ball with which he started his career as superintendent had turned out to be an eight ball.

Others on the dais were department personnel: Charles C. Dubuar, William C. Gould, Raymond Harris, and Julius Sackman. The testimonial dinner was arranged by a department committee comprised of Bernard Eisner, Andre Pony, and Mrs. Selma Weinstein.

Jan. Fire Losses Top $100 Million

National Board reports fire losses in the U.S. during January were $112,983,000, exceeding the $1 billion a year rate. The January total represents an increase of 13.1% over losses in January a year ago. The January, 1959, total was an increase of 12.4% over losses in December, 1958, but was down $2.289,000 from losses in January, 1957.

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A compulsory automobile liability insurance bill has been introduced in **Minnesota** calling for 10/20/2 limits.

Conventions

March 4-5, Insurance Underwriters Assn. of the Pacific (formerly FUAP), annual, Sheraton-Palace Hotel, San Francisco.

March 9, West Virginia I-Day, Stonewall Jackson Hotel, Clarksburg

March 9-10, New Jersey agents, midyear, Berkeley-Carteret Hotel, Asbury Park.

March 10, Pittsburgh I-Day.

March 12-13, Conference of Mutual Casualty Companies, underwriting conference, Conrad Hilton Hotel, Chicago.

March 19-21, Assn. of Insurance Attorneys, annual, Sheraton-Cadillac Hotel, Detroit.

March 20, Washington agents, midyear, Port Angeles

March 23-25, National Assn. of Independent Insurers, workshop, Shamrock-Hilton Hotel, Houston.

March 23-25, National Assn. of Mutual Insurance Agents, midyear, Hollywood Beach Hotel, Hollywood, Fla.

March 25-27, Pacific Insurance & Surety Conference, annual, Santa Barbara Biltmore Hotel, Santa Barbara, Cal.

April 1-4, Zone 2 of NAIC, Greenbrier, White Sulphur Springs, W. Va.

April 2-4, National Assn. of Surety Bond Producers, annual, Plaza Hotel, New York.

April 5-7, Eastern Conference of the National Assn. of Insurance Agents, annual, Hilton-Statler Hotel, Buffalo.

April 5-7, Midwest Territorial Conference of the National Assn. of Insurance Agents, annual, Hotel Skirvin, Oklahoma City.

April 5-7, New York mutual agents, annual, Hotel Syracuse, Syracuse.

April 5-7, Oklahoma agents, 50th annual, Hotel Skirvin, Oklahoma City.

April 10-11, Southern Agents Conference of NAIA, annual, Admiral Semmes Hotel, Mobile.

April 13, Rhode Island Assn. of Insurance Agents, midyear, Sheraton-Biltmore Hotel, Providence.

April 16-17, Ohio mutual agents, annual, Neil House, Columbus.

April 19-21, Mississippi mutual agents, annual, Hotel Heidelberg, Jackson.

April 19-21, Rocky Mountain Territorial Conference of NAIA, Broadmoor Hotel, Colorado Springs.

April 26-28, National Board of State Directors of NAIA, midyear, and Far West Agents Conference of NAIA, annual, Westward Ho Hotel, Phoenix.

April 26-28, Iowa agents, annual, Roosevelt Hotel, Cedar Rapids.

April 29-May 1, Zone 5 of NAIC, Arlington Hotel, Hot Springs, Arkansas.

April 30, Midwestern Independent Statistical Service, annual, LaSalle Hotel, Chicago.

April 30-May 1, Conference of Mutual Casualty Companies, claim conference, Conrad Hilton Hotel, Chicago.

April 30-May 2, North Carolina agents, annual, Carolina Hotel, Pinehurst.

May 3-5, Alabama agents, annual, Whitley Hotel, Montgomery.

May 3-5, Florida mutual agents, annual, Robert Meyer Hotel, Jacksonville.

May 3-5, New York agents, annual, Hotel Syracuse, Syracuse.

May 3-5, Zone 3 of NAIC, Sheraton-Seelbach Hotel, Louisville.

May 4-6, American Mutual Insurance Alliance, annual, Edgewater Beach Hotel, Chicago.

May 4-6, Health Insurance Assn., Bellevue-Stratford Hotel, Philadelphia.

May 4-6, National Assn. of Mutual Casualty Companies, annual, Edgewater Beach Hotel, Chicago.

May 6-8, National Assn. of Independent Insurance Adjusters, annual, Shamrock Hilton Hotel, Houston.

May 11-13, Pacific Board, annual, Biltmore Hotel, Santa Barbara, California.

May 11-14, National Assn. of Insurance Brokers, annual, Waldorf-Astoria, New York.

May 12, Assn. of Casualty & Surety Companies, annual, Waldorf-Astoria, New York.

May 12-15, Insurance Company Education Directors, annual, Skytop, Pa.

May 14-15, Arkansas agents, annual, Arlington Hotel, Hot Springs.

May 14-15, Central Claim Executives Assn., Marott Hotel, Indianapolis.

May 14-15, National Assn. of Casualty & Surety Agents, midyear, Ambassador Hotel, Chicago.

May 17-20, Insurance Accounting & Statistical Assn., annual Ambassador Hotel, Atlantic City.

May 18, Vermont agents, spring meeting, Woodstock Inn, Woodstock.

May 18-20, American Assn. of Managing General Agents, annual, Essex House, New York.

May 18-20, Illinois Bureau of Casualty Insurers, annual, St. Nicholas Hotel, Springfield.

May 18-20, Insurance Accounting and Statistical Assn., annual, Ambassador Hotel, Atlantic City.

May 21, National Board of Fire Underwriters, annual, Biltmore Hotel, New York.

May 21-22, Casualty Actuarial Society, spring meeting, Ambassador Hotel, Atlantic City.

May 21-22, Georgia agents, annual, Biltmore Hotel, Atlanta.

May 21-23, Texas agents, annual, Hotel Texas, Fort Worth.

May 21-23, Florida agents, annual, Jacksonville.

Decatur, Ala., Agents Form Local Association

Independents Agents Assn. of Decatur, Ala., has been formed there. Officers are Darren H. Easter, president; Ned Frazier, vice-president; and James Riggs, secretary-treasurer.

The eight charter member agencies are James Rankin, Fred Papenburg, Frazier Brothers, M. R. & Rex Rankin, B. Frank Chenault, L. B. Wright & Son, John Patterson Co., and Jones-Riggs.

Public Lacks Nuclear Property Loss Cover

(CONTINUED FROM PAGE 2)

of the damaged property may bring claim against the party causing the loss. For such losses flowing from any one occurrence, there is a maximum of $60 million of liability insurance provided by the insurance pools, plus $500 million public indemnity under the Price-Anderson bill. Procedures for large volume claim handling in the event of an occurrence are now being set up by the liability pools to expedite the payment of losses.

Procedure Is Simple

The procedure to secure a physical damage policy on an atomic risk is simple, Mr. Gibson added. The producer should secure from insured a signed letter of authority to his company to make application for the insurance desired and to request an inspection of the risk for rating purposes. The insurer sends copies of these documents to Nuclear Insurance Rating Bureau. If the insurer is not equipped to make the type of inspection desired, then, upon request, the inspection will be made by inspectors appointed by the physical damage pools.

In this connection, he said, one point should be made clear. Inspections cost money. The initiating insurer that sponsors the request for inspection is responsible for payment of the inspection costs if the insurance applied for is not placed within a reasonable length of time with the atomic pools. If the insurance requested is placed with the pools, the inspection cost is absorbed by the policy premium.

Time May Bring Changes

As time goes on, coverages may be broadened and procedures simplified. But until the underwriters have more experience with atomic risks, they are handling the insurance with caution and deep respect, he said. For example, business interruption insurance on power reactors and other hazardous installations is not available. Insurance experience with losses on these risks is so limited that underwriters are unwilling to write business interruption on them. However, on less hazardous risks this coverage is available if there is a physical damage policy on the risk covering direct loss.

Mr. Gibson outlined the liability coverage presently available on atomic risks and detailed the physical damage coverage. Because of the difficulties that might arise in the allocation of the cause of any one loss between the various perils to be covered, it was decided to draft a completely new physical damage contract on an all-risk basis with certain stated exclusions.

It became obvious immediately that new procedures would be necessary to handle this policy, he said, since no existing rating bureau or bureaus had jurisdiction or authority over this type of policy. While the new all risk policy was being drafted, steps were taken to form the new Nuclear Insurance Rating Bureau. This in itself was a new landmark, since it was the first time that stock and mutual fire insurance companies had identical membership in the same bureau.

The physical damage policy is filed by this bureau in the various states where necessary. Its forms and rates committee develops and approves the forms and rates for physical damage coverage on atomic risks. The new package policy for physical damage coverage on an atomic risk indemnifies insured against radioactive contamination and all other risks of direct physical loss, except as provided in the policy, to the property described in the declarations and situated at the location specified. There are 19 stated exclusions besides war risk and U&O. As an all risk policy, boiler and machinery is included.

To eliminate maintenance and other small claims that are usually presented under a new and broad form of coverage, a deductible is established. On all power reactors and fuel processing plants this deductible is $5,000 plus one-half of 1% of the total amount of insurance, but not to exceed $75,000. On all other risks the deductible is $2,500 plus one-fourth of 1% of the total amount of insurance, but not to exceed $25,000. This deductible applies to each and every loss regardless of the peril causing it. Coverage under the policy is blanket, with mandatory 90% coinsurance and a one year term.

Decontamination Is Important

Debris removal and decontamination are special and important features of this policy, Mr. Gibson observed. Removal of radioactive debris can be very expensive and difficult. In some instances, the cost of decontamination can exceed the value of the property insured. Additional coverage for such expenses is available at an additional premium, provided there is sufficient underwriting capacity available for this risk.

A number of endorsements have been approved for attachment to a physical damage policy. Some of these endorsements permit the removal of

an exclusion in consideration of the payment of an additional premium. For example, the basic policy excludes coverage of land. However, an endorsement is available under which the value of land may be covered and the cost of its decontamination. Insured can get earthquake cover at an additional premium. A premium adjustment endorsement provides for fluctuations in value.

The new package policy provides all risk physical damage coverage on the atomic risk only. So what about coverage on risks that are not classified as atomic, he asked. Provision has been made for one fast growing group of risks; namely, the users of radioisotopes. Research, educational and medical institutions are examples. In the past hospitals have been using radium, but now more and more of them are using unusual radioisotopes for therapy and diagnosis. Industry is using radioisotopes for radiography, product gauging, process control wear studies, static elimination and petroleum refining. Underwriters believe the radioactive contamination of this peril is insurable at a small additional charge to the fire rate. To accomplish this the limited form and broad form radioactive contamination assumption endorsements had been approved and recommended to the regular fire rating bureaus for use by attachment to fire policies, he said.

Pa. Committee To Study High Liability Costs

Pennsylvania Chamber of Commerce has appointed a committee of 45 business and professional leaders to devise ways to stem the rising cost of liability insurance. The committee will study such problems as fraudulent and inflated claims and will seek to correct abuses through education and legislation, if necessary.

Kenneth B. Hatch, president of Reliance, is chairman, and Ralph Newman, vice-president of National Union, is vice-chairman of the committee. Other members include Bertram C. Dedman, North America; Theodore A. Engstrom, Aetna Casualty; V. K. Simpson, Hartford Accident; A. E. Wilson, Allstate; J. W. Barnett, Nationwide Mutual; E. Wayne Covert, Harleysville Mutual; Thomas J. Donaghy, Pennsylvania Self Insurers Assn.; Aaron S. Feinerman, Harrisburg agent, Arthur F. Seelig, American Casualty; T. J. Kiesselbach, State Farm Mutual, and Norman Kley, American Mutual Liability.

New Albany Surety Club Picks Sowek As President

The newly organized Surety Club of Albany has elected Edward J. Sowek, Maryland Casualty, president. Other officers are John DeMallie, Hartford Accident, vice-president, and Richard Ratta, Aetna Casualty, secretary-treasurer

Change Conn. WC Rules

Commissioner Premo of Connecticut has approved workmen's compensation rate and rule changes filed Oct. 1, 1957, and amended Oct. 1, 1958. His action followed hearings on an appeal by Connecticut Manufacturers Assn. and Connecticut Roadbuilders Assn.

The issue involved was a rise in the $100 payroll limitation rule to $300. From now on, in computing WC premiums, the average weekly wage above $300 will be disregarded instead of above $100 as in the past.

Armour S. F. Manager Of Mass. Bonding

Massachusetts Bonding has appointed Charles R. Armour manager at San Francisco. He succeeds Henry G. Sheehy, resigned. Mr. Armour joined the company as assistant manager of bonding lines at San Francisco in 1957.

Clifford R. Voges continues as manager at Los Angeles.

Mutuals Raise Commercial Car And Garage Rates

Mutual Insurance Rating Bureau has increased rates for commercial automobile BI and PDL 4% in Maryland and 20% in Vermont. Division 1 garage liability rates were raised 9.6% in Maryland and 15% in Vermont. The changes are effective as of Feb. 18

A bill has been introduced in the **Washington** legislature to require all exceptions to standard provisions in insurance policies, other than fire insurance, be printed in red ink.

Phoenix, Conn., Loss Down, Volume Up

Phoenix of Hartford had an underwriting loss of $8,396,000 in 1958 compared with a loss of $11,485,000 in 1957. Written premiums were up 4.6% to $99,674,000 for a new high. Policyholders surplus increased by $26,960,629 to $126,593,699. Unearned premium reserve rose to $80,774,762, an increase of $218,448.

The ratio of losses and loss adjustment expenses to premiums earned was 65.7, and the ratio of underwriting expenses to premiums written was 42.6. These figures compared with 66.9 and 42.7 in 1957.

In the annual report to stockholders, John A. North, president, and Jack D. Taylor, executive vice-president, stated that the automobile problem is the most difficult and frustrating situation which confronts the company. Rate increases are only part of the answer. The report noted that automobile claim frequency increased in 1958, with 28,000 more claims paid than in 1957. The company followed a determined policy of reducing automobile risks in 1958 and weeding out other unprofitable sources of business. This intensive program of review and selection is far from complete, however, and the closing in 1958 of more than 1,200 agencies, or about 10% of the total agency force, does not yet reflect the final result of this continuing activity, the report states.

Investment income rose 5% to $6,315,429 in 1958. The operating loss was $2,095,000 compared with a loss of $5,447,000 in 1957. Assets were $249,797,070, up from $215,200,903.

Employers Say Scaled Down WC Changes Still Would Cost $25 Million

ST. PAUL—Although scaled down to some extent, the Minnesota labor-sponsored increase in workmen's compensation benefits still is meeting opposition.

Under the latest plan, the injured workman will receive two-thirds of his daily pay or 80% of his weekly pay in the manufacturing industries. The average factory check is about $85, so an injured workman would receive about $68 compared with the present $45 maximum. There is a provision for $25,000 in death benefits instead of the current $17,500. The attorney for the labor interests said the changes would not exceed 20% of the present cost, but Minnesota employers contend it will add $25 million to their WC bill.

Call For Study Of Cal. Auto Accident Commission

Sen. Regan of Weaverville has introduced a resolution in the California senate calling for a two-year study of the proposed automobile accident commission advocated by Gov. Brown, and a study of compulsory automobile liability insurance coverage.

UJF Bill In Michigan

LANSING—An unsatisfied judgment fund bill has been introduced in Michigan. This is believed to be the measure which has been given an advance build-up by James A. Hare, secretary of state, who has been plugging for compulsory automobile insurance ever since he was the victim several years ago of an accident caused by an uninsured motorist.

The bill would create a fund jointly financed by uninsured drivers who would be charged an extra $10 for their licenses, and by automobile insurers which would be required to pay up to half of 1% of direct premiums. The governing board would have a right to double these contributions on an assessment basis if the fund proved inadequate.

Victims of uninsured motorists would be allowed to file claims up to $10,000 for personal injury or death with a $20,000 limit per accident and up to $5,000 for property damage. In order to be collectible, the claim would have to exceed $100.

Kill Wyo. Premium Tax Bill

The Wyoming house of representatives has killed a bill which would have permitted cities and towns to levy a tax of up to 2½% on fire and EC premiums for coverage on property within the community.

C. D. Paige Co., Providence agency, is observing its 50th anniversary. The agency was founded by the late C. D. Paige, whose son, Donald S. Paige, now heads it.

Magarick Named To Top AIU Claims Post

Patrick Magarick has joined American International Underwriters as general claims manager. Until recently he was vice-president and general claims manager of Pacific National.

Patrick Magarick

Mr. Magarick began in the business in 1931 as an adjuster with Loyalty group in Philadelphia. He was subsequently with Aetna Casualty in New York for 13 years as an adjuster and supervisor. He became attorney in charge of the casualty division of National Surety in 1949. In 1955 he joined Manufacturers Casualty as divisional claims manager at Philadelphia and was later named secretary. When the companies of Pacific National were integrated, he was advanced to vice-president and general claims manager of the group.

Mr. Magarick is the author of "Successful Handling of Casualty Claims," which is used as a text book by the school of Insurance Society of New York and 15 other colleges and universities. He is also the author of "Casualty Investigation Lists."

D.S. Stebbins Is V-P Of Minneapolis Appraiser

Don S. Stebbins, formerly of Universal Appraisal Co. of Minneapolis, has been appointed vice-president of Patchin Appraisals Inc. of that city. Patchin has acquired the Universal organization which was operated by Mr. Stebbins for 21 years. Mr. Stebbins has been in appraisal work for 45 years.

Sell American Premier Stock

American Premier of Rochester, Minn., is offering 9,000 shares of stock at $33 a share. The par is $12.50, and the new issue, if entirely sold, will bring the capital to $312,500 with 25,000 shares outstanding.

N. J. Card Includes Big I, Life Panel

Valmore H. Forcier of Danielson, Conn., member of the executive committee of National Assn. of Insurance Agents, will discuss that organization's general activities at the New Jersey association midyear meeting at Hotel Berkeley-Carteret, Asbury Park, March 9-10. He will also report on the Big I advertising program for 1959.

Other speakers are Richard Layton of Rough Notes Co., who will speak on agency management, and Dr. Herbert E. Reinhold, who will analyze traffic safety from a medical viewpoint.

To Give Midterm Reports

Business sessions will include midterm reports from Milton Grannatt of Trenton, president of the New Jersey association and Roy H. MacBean of Cranford, state national director. Ira F. Weisbart of Jersey City, chairman of the executive committee, will moderate a panel on life insurance. James L. Ryan of Paterson, a member of the executive committee, will moderate a discussion on unusual aspects of common policies.

The executive committee will meet on Sunday before the general meeting. The first business session opens on Monday afternoon, and the dinner dance will be held that evening. The business session will resume on Tuesday morning.

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Lersch Resigns Atlanta Post

Wm. E. Lersch, manager of the Atlanta office of Newhouse & Hawley, has resigned. His successor will be announced shortly.

Two Are Advanced By Employers Re

Employers Re has elected Everett E. Laforge a vice-president and R. R. Youngs assistant secretary. Mr. Laforge is located at New York under Vice-President E. G. Trimble and Mr. Youngs is at the home office.

Mr. Laforge has been with Employers Re since 1926, continuously at New York. He entered the business in 1916 with Appleton & Cox. Mr. Youngs joined the company in 1952. Prior to that he was with American Mutual Liability at Minneapolis.

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Four Insurers Write Bonds On Record Mass. Contract

Maryland Casualty, with four other companies as co-sureties, has written performance and payment bonds, each in the amount of $16,883,011, covering construction of the Washusett-Marlborough tunnel in Massachusetts. The project is the largest single contract ever awarded by Massachusetts. The contractors are Perini Corp., Framingham, Mass., Walsh Construction Co., New York; and Morrison-Knudsen Co., Boise, Ida. The co-sureties are Standard Accident, Massachusetts Bonding, Travelers Indemnity, and Fidelity & Deposit.

The tunnel will be 14 feet in diameter and about eight miles long. Three construction shafts will be sunk, one to a depth of 385 feet. The time for completion was set for 1,300 calendar days.

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Mackall's Surety Lectures

Luther E. Mackall of New York, retired vice-president of National Surety, is offering a course of surety lectures similar to the one he presented 1948-53. They will be given in March and April in Atlanta, Houston, Dallas, Oklahoma City, Little Rock, and Jackson, Miss., and in other cities later in the year.

The course runs one week. The text is Surety Underwriting Manual by Mr. Mackall, published in 1958. A copy is provided in the course charge, which is $25, and is furnished 10 days before the lectures start. Mr. Mackall makes his headquarters at 111 East 80th Street.

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James Donnelly of the New Jersey banking and insurance department will address the Midway Insurance Round Table, newly formed group of central New Jersey field men, at a luncheon meeting March 6 at the Inn, Yardley, Pa.

Ind. Lawmakers Dig Into Insurance Bills

With the deadline past for introduction of new bills, the Indiana legislature has begun the voluminous study of legislation submitted to it, much of which concerns insurance.

The house has already passed a bill to require a surplus of $250,000 for capital stock companies. Another bill passed into law enables domestic life companies to invest in Canadian real estate, sets at 8% the amount of assets which may be in real estate, and raises from 5 to 7% the amount of assets which may be invested in primary or subsidiary life companies. The senate rejected a bill to hold private charitable hospitals responsible for negligent acts of officers or employes, but passed a law which removes the $5,000 limitation of damages in actions against the estate of a deceased wrongdoer.

Bills yet to be studied by the senate include a number on workmen's compensation. A new workmen's compensation act would generally liberalize previous features; time limitations for occurrence of disablement would be extended two years when employe is transferred away from exposure to hazard of disease; employer would pay injured worker's attorney fee when employer appeals compensation award and loses; the $10,000 limitation on death claims would be removed.

Would Outlaw 'Sweetheart' Contract

One bill would outlaw the so-called "sweetheart" contracts between hospitals and A&S companies when the contract specifies predetermined rates. This bill was the result of recommendation by a legislative committee investigating hospital insurance, and it has been bitterly attacked by Blue Cross.

The senate must also study a bill which would require all paid officers except one of an Indiana fraternal to live in the state at least 15 continuous years prior to serving as an officer.

Various house bills would require employers who share in certain funds recovered in third party suits to pay a pro rata share of legal expenses; two-thirds of qualifying surplus of domestic insurers must be in capital; the WC act would be amended to provide medical service beyond statutory period, an injured person may select own doctors to be paid by employers; all policies, riders and endorsements must be signed or counter-signed by licensed resident agent; annual salary of the insurance commissioner would be boosted to $15,000; damages could be paid to children of deceased in wrongful death cases even if they are not dependent; and the penalty for illegally acting as an insurance agent would be increased.

American Raises Fordham

American has promoted Harlan L. Fordham from production manager to administrative assistant at Kansas City. He joined the company in 1955 as fire and marine manager there. He started in insurance as a life agent and later served as a field man in Missouri and Kansas for Hardware Mutuals of Stevens Point.

Cooper Joins McGee & Co.

Charles T. Cooper has joined William H. McGee & Co., New York. He has been with Company Service Bureau since 1954. He began with Automobile in 1945 and in 1949 joined the John C. Weghorn agency in New York.

Kilgour And Conway Raised By Reliance

Reliance has elected John J. Kilgour secretary and Peter P. Conway assistant secretary. Mr. Kilgour has been manager for Canada for several years. He is a member of the council of Canadian Underwriters Assn. and president of Fire Underwriters Investigation Bureau of Canada.

Mr. Conway has been manager of the casualty claim department of Reliance since 1954. Prior to that he held the same position with Eureka Casualty, which was merged with Reliance. In his new position he will be responsible for the nationwide casualty claim activities.

Pa. Mutual Insurers Elect Warfield President

Pennsylvania Federation of Mutual Insurance Companies has elected Edwin S. Warfield president to fill the unexpired term of the late Henry B. Gibbel, former secretary of Lititz Mutual. Mr. Warfield is vice-president of Pennsylvania Threshermen & Farmers' Mutual Fire, president of Home Mutual Fire, and secretary of the Pennsylvania insurance department's all-industry examinations committee.

L. Val Hood, secretary and treasurer of Washington County Ins. Co., was elected vice-president of the federation to succeed Mr. Warfield. Mr. Hood is a past president of Pittsburgh Fire Loss Conference and of Washington (Pa.) Assn. of Insurance Agents, and is a former director of Pennsylvania Assn. of Insurance Agents.

N.Y. Course In Manuals

Insurance Society of New York will conduct two sections of its casualty manuals course during the spring term. The afternoon section, to meet on Tuesdays and Thursdays, is primarily designed for policy checkers and raters. The evening section, meeting on Wednesdays, is for agents, brokers, underwriters and other more experienced personnel. The classes begin March 10. They will be conducted by Davis T. Ratcliffe, author of two books on casualty policies and manuals, and a former casualty underwriter and assistant secretary of New Amsterdam Casualty.

Editorial Comment

The Reaction To Gov. Brown's Proposal

The proposal by Gov. Brown of California that a compensation system be established for automobile liability claims is significant because it was made by the governor of an important state. However, an even more interesting, and perhaps more significant, aspect of the matter is the reaction of the insurance business to the proposal.

The idea of a compensation system for automobile liability claims is not new. But heretofore, along with the entire legal profession, the insurance business has opposed it vigorously. This time several observers have noted the caution with which insurance executives are expressing themselves, or being silent.

The suggestion has been made that this caution, unusual in view of the historic position of insurers, may arise from the fact that the insurers are becoming discouraged, perhaps even disgusted, with the present system. They have been mauled by automobile liability—and to a lesser degree by some of the other third party lines—and are still being hard pressed to keep going. Consequently, it is becoming just possible that the business would turn to a compensation system to eliminate some of the difficulties of the present one. If this is possible, then insurers do not want to express themselves so strongly against Gov. Brown's proposal that it would be embarrassing and perhaps difficult for them to change their tune.

The present system is described as bursting at the seams. Insurance executives are reaching the point where they fear it cannot be brought within the bounds of reason. Some wonder if it is past redemption.

At the core of the difficulty, it is charged, is the growing percentage of young lawyers who regard the law as a business and who are in it solely for the money they can get out of it. They do not possess, it is argued, the same sense of social responsibility as their elders. More seasoned attorneys recognize the problem. However, no real effort has even been launched to correct the situation.

If more and more repair men, doctors, lawyers, and others are going to get into the act of skunking the insurance companies, whatever the actual values involved, how can rates keep up with the rising costs? Would the business in desperation turn to some statutorily imposed ceiling such as Gov. Brown suggests?

The argument of Gov. Brown, that an administrative establishment with a schedule of benefits and payments would make the appointment of 100 more judges in California unnecessary, implies a saving in costs with his proposal. But this is highly questionable. Certainly to deal with automobile liability claims, a vastly larger field than WC, would cost more than the WC operation. It also is noted that courts operate with very little help. The WC system operates with a very considerable personnel.

It is also argued that a compensation program would deliver benefits more quickly. But they would be less, and, very likely in some cases, inequitably less. Such a plan also would raise the question of unlimited medical payments which is the real *bete noir* of WC.

But whatever the weaknesses of a compensation scheme, if insurers ever decided that it was the only way out, then NACCA might find itself one of the few groups left opposing it.—K.O.F.

Personals

E. Wayne Covert, who was recently named vice-president in charge of claims by Harleysville Mutual companies, has been appointed to the Pennsylvania Chamber of Commerce committee of business and professional leaders formed to study rising liability insurance costs. Before joining Harleysville Mutual in 1957 as claims manager, Mr. Covert was with Reliance, American and Liberty Mutual.

E. Wayne Covert

George C. Roeding, Cincinnati manager of the National Underwriter Co. and the oldest employe in point of service, celebrated this month his 45th year with the company. Mr. Roeding started with the National Underwriter Co. as an office boy, and at the age of 17 went into the field as a salesman. Until curtailing his activities to some extent recently, Mr. Roeding handled Ohio, West Virginia and Kentucky, doing so with such thoroughness that for many years he was one of the top sales producers.

George C. Roeding

J. Hughson Jones, retired U. S. chairman of Phoenix of London, will be presented with the St. David's Society Hopkins' Medal award at the Society's annual dinner. The award is presented annually for distinguished service in the preservation and advancement of Welsh traditions and ideals. Mr. Jones was born at Mountain Ash, Wales, and came to this country in 1913 to join Globe Indemnity in New York. He joined Phoenix in 1926. He is past president of Masonic Foundation for Medical Research & Human Welfare.

Arkansas Adjusters Elect

Arkansas Adjusters Assn. has elected George F. Dickinson, Light Adjustment Co., president. Other officers are George Brittain, Travelers, vice-president, and Lloyd Garrett, U.S.F.&G., secretary-treasurer.

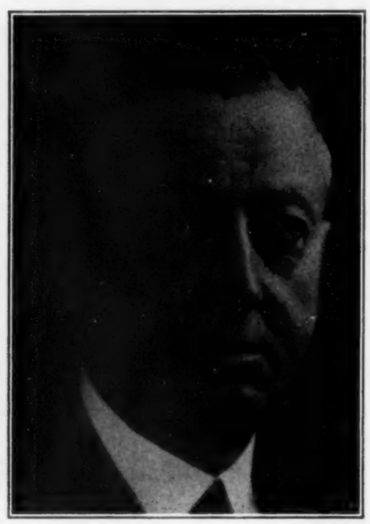
Stocks

By H. W. Cornelius, Bacon, Whipple & Co.
135 S. La Salle St., Chicago, February 24, 1959

	Bid	Asked
	$	$
Aetna Casualty	190	195
Aetna Fire	78	80
Aetna Life	237	242
American Equitable	38½	40
American (N. J.)	30	31
American Motorists	17½	18½
American Surety	22½	23½
Boston	35	36
Continental Casualty	112½	115
Crum & Forster	74½	76½
Federal	60	62
Fireman's Fund	62	64
General Reins.	73	75
Glens Falls	36½	38
Great American Fire	43	44½
Hartford Fire	192	196
Hanover Fire	41½	43
Home of N. Y.	53	54
Ins. Co. of No. America	134	136
Jersey Ins.	38½	40
Maryland Casualty	41	42½
Mass. Bonding	37	38½
National Fire	116	120
National Union	43½	44½
New Amsterdam Cas.	50	51½
New Hampshire	48	50
North River	42½	44
Ohio Casualty	25½	Bid
Phoenix, Conn.	81	83
Prov. Wash.	23½	24½
Reins. Corp. of N. Y.	17¼	18½
Reliance	49½	51
St. Paul F.&M.	60	61½
Springfield F.&M.	34	35
Standard Accident	59	60½
Travelers	91½	93
U. S. F. & G.	89	91
U. S. Fire	31	32

Deaths

PAUL C. OTTE, 84, who retired as assistant secretary of America Fore in 1941, died at Alexian Brothers Hospital in Chicago. In the insurance business 50 years, he began in life insurance and then entered the fire field, starting with the old Phenix of Brooklyn in 1891. He subsequently became agency superintendent in the western department of America Fore with supervision over five midwestern states and was named assistant secretary in 1931.



PAUL C. OTTE

ARTELL M. WALLACE, 65, agent at Marengo, Ill., for 35 years, died.

MRS. THERESA LENKE, mother of A. J. Lenke, Cincinnati agent, died at her son's home there after a long illness. Mr. Lenke is a member of the property insurance committee of National Assn. of Insurance Agents.

MRS. FLORENCE WILLIAMS, wife of T. Morgan Williams, vice-president of Home, and their son, Richard, 13, lost their lives in a fire which swept the

The NATIONAL UNDERWRITER

The National Weekly Newspaper of Fire and Casualty Insurance

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family home at Garden City, N. Y. Mr. Williams was in Chicago on a business trip at the time of the fire.

E. R. LUPTON, 74, a member of the New York legislature from 1937 to 1956 and a local agent at Riverhead, L. I., since 1940, died while on vacation at St. John's, B.W.I.

Relations Improving Between Health Care Professions, Insurers

In a report on the relations between A&S insurers and health care professions, Morton D. Miller, chairman of Health Insurance Council, said that progress in this field "is going forward by leaps and bounds."

Mr. Miller, who is 2nd vice-president and associate actuary of Equitable Society, gave his optimistic report during the "Progress and Problems" symposium at the Health Insurance Assn.'s group insurance forum at New York.

The council's most spectacular progress, Mr. Miller said, was shown in "Operation Grass Roots," which involves committees made up of members of the insurance business from the state and local level which meet with representatives from doctor and hospital groups to iron out mutual problems.

The program, Mr. Miller said, is under way in all states, with some 500 insurance company representatives participating.

Mr. Miller also reported on three other encouraging recent developments.

He said that following the meeting of insurance company presidents and officials of the American Medical Assn. last September, a small committee from each group was formed to meet from time to time. Mr. Miller said that the first such meeting was held last February 4, and described it as a "very satisfactory one."

Another development, Mr. Miller said, came when the council was asked both by the AMA and the American Hospital Assn. to designate a group to discuss the problems of financing health care needs of the aged, with similar representation from Blue Cross and Blue Shield.

Mr. Miller listed the third development as discussions on a variety of subjects of common interest which have begun with the committee on prepayment of the AHA. He said this was something the council had desired for a long time but had been unable to accomplish until now.

Twin Cities Associations Meet

The changing picture of property and casualty insurance was discussed by Curtis M. Elliott, professor of insurance University of Nebraska, at the joint meeting of Twin Cities Fire Underwriters Assn. and Twin Cities Casualty Underwriters Assn. at Minneapolis. Prof. Elliott stressed the trend toward package policies and its effect on the industry as a whole.

Witmeyer In Sales Post With Great American

Donald M. Witmeyer has joined Great American as executive agency director in the area of sales planning, underwriting and coordination of production.

Mr. Witmeyer has spent his entire insurance career with Security-Connecticut where he began in the home office in 1946. Subsequently he became a field man and then headed the research and miscellaneous lines department and the research and sales development division. He was elected a secretary in 1955 and vice-president in charge of the eastern division in 1956. He assumed charge of Security-Connecticut's countrywide agency department in 1957.

Code Bill Passes Ark. Senate, Many Measures To Broaden WC Law

LITTLE ROCK—The proposed new insurance code of Arkansas is at the halfway point toward final adoption. It passed the senate by a unanimous 31-0 vote.

A rash of bills have been introduced to broaden the workmen's compensation laws, and identical bills designed to raise fees of attorneys in WC cases in the senate and house have received do pass recommendations from the judiciary committees and seem to stand a good chance of passage.

Other WC proposals would increase coverage in hernia cases and require that court ordered physical examinations be taken in the county in which the injured workman resides. The latter idea is strongly opposed by the insurers as placing an unfair burden on them.

Another bill seeks to cut down the authority of the WC commission by providing that its decisions can be tried in circuit courts on a "de novo" basis before a jury. A companion bill would allow appeal of commission decisions directly through the state supreme court where they could be tried "de novo." Both of these proposals are opposed by Arkansas Assn. of Insurance Agents, the companies, and business groups.

A compulsory automobile liability insurance bill is still in the house insurance committee and there is no scheduled public hearing. A number of observers are beginning to feel that compulsory may be dead for this session.

Henry G. Sheehy, who resigned recently as vice-president on the Pacific Coast of Massachusetts Bonding, has set up Contractors Bonding & Insurance agency and the Henry Sheehy general agency. Both have offices at 58 Sutter Street, San Francisco.

Frank Mitchell, with Lange & Co. for 12 years at Chicago, has joined American as assistant to A. J. Andrews, marine manager in the Cook County department.

Says Business Overdoes Self-Examination

(CONTINUED FROM PAGE 7)

reached if the price for a given type of coverage for a period of 10 or 15 years is merely listed. It is no trick to see the price has increased. But a more careful examination of things would warrant an utterly different attitude.

Most business men agree that 1939 is a fair basis for comparison when analyzing today's prices. And a close look shows the cost of insurance has increased since then at a rate only 30-60% as rapid as the rise to be found in other markets. "Can't most of you remember the $700 automobile in 1939? Do you remember the ten-cent loaf of bread?" asked Mr. Battles. "I am sure you realize that the cost of lumber and of housing has increased to nearly four times what it was in those days. I might also suggest that you compare your present salaries with what your job paid back in 1939."

The continuous policy is a good illustration of an intra-business problem. It seems that quite a few people have made the amazing discovery that there are certain wastes and inefficiencies in the custom of renewing policies periodically, Mr. Battles said. Many insist that the renewable policy has to go, and that a continuous policy must be substituted in its place.

This is unfortunate for at least two reasons. In the first place, the continuous policy breeds serious contention between companies and their agents. Well-intentioned persons feel that ownership in a continuous policy could be established in place of the present doctrine of ownership of clientele. This may be so, but it is obviously quite a bit to ask the agency forces to give up something it took them almost a century to accomplish, and which has withstood the test of half a century since its accomplishment, Mr. Battles stated.

Even more important is the fact that the issue probably didn't have to be raised at all. It is illustrative of the poor job the business has done in looking at itself that of all of those who have cried out for the continuous policy as the answer to high costs, not one has undertaken to determine wherein or how much one might be expected to save by adopting a continuous policy. Neither has any careful probing been done to determine what new expenses the handling of continuous policies would introduce to wash out the alleged savings.

Generally speaking, the proponents of continuous policies simply say the life insurance people have used it successfully for generation after generation—and let it go at that, Mr. Battles said.

A little serious contemplation should bring forth at least such questions as: How many times does the subject of insurance change in a life policy? How many times during its currency does the rate change? How many times does a payee change? How many times does the name of the insured change? How many times does the amount of insurance change? How often do reinsurance lines and net retentions shift on a given life policy?

"If one will simply ask those questions and answer them for both the life policy and the property or casualty policy, he will soon realize that the sheer mechanical job of handling a continuous property or casualty policy could become staggering," Mr. Battles asserted. "Junking the renewable policy in favor of a continuous policy merely because of a few deficiencies in the former is a little like tearing a house down because of a leak in the plumbing. Wouldn't it be more profitable and sensible to determine precisely wherein the renewable policy is inefficient and set about to improve it?"

One simple solution might be to issue a policy on a card the size of a standard business envelope. This policy would have on it only the essential elements: name, date, object and amount of insurance, and policy number. The company copy could easily be made of stock suitable for punch card operations so that the daily itself would become the punch card and could be handled by mechanical or electronic means for all purposes throughout its life.

When it had served its purpose at the end of an accounting period, it could be destroyed in its entirety or

retired conditionally to a dead suspense file, while a new policy and card is issued to take its place. Reissuance of these cards would be no more difficult than the preparation of a payment receipt or a continuation certificate on a continuous policy, and all of the advantages of the renewable policy would be retained.

As far as the insured is concerned, the document would be just as binding as though it had page after page of legal verbiage. The card itself could make reference to insurance being granted under form number so and so on file with the commissioner of the state, with copies available on request from the agency at any time.

As for the agent, only in an unusual case does he ever file a complete policy as a daily. As a rule, references are made to sample forms, and even adjusters perform their functions largely on the basis of sample forms, looking to the particular policy only for the variable data, such as name, amount, date, etc.

Also, loss drafts could be prepared from substantially the same stock, the company copy being similarly punched and processed against the policy itself so that all data in the company home offices could be kept up-to-date almost to the day.

Gives Third Example

A third example of how superficial the industry's self-examination has been, are discussions of price variation as between types of companies, particularly as it relates to agents' commissions. This is a subject which has been under discussion for approximately a hundred years, but it seems to be reaching something of a climax at the present time, Mr. Battles suggested. Noting that his discussion of commissions refers only to automobile BI and PDL coverage, Mr. Battles says the facts in this matter are not particularly difficult to discover. One may learn a great deal by examining company statements, as submitted to the various commissioners on uniform accounting forms.

By taking a really good look at itself, the business would learn that agency companies and direct writers each pay exactly the same number of pennies for expense out of each premium dollar collected. Strangely enough, this seems to have escaped the notice of most of the people who have undertaken to speak on this subject. The few who have taken the trouble to discover it dismiss it with the statement that it is insignificant, since the direct writer companies take in fewer dollars per insured unit and therefore pay out fewer pennies in expenses.

If one is talking real fast and not looking too deep, that might sound like a perfectly rational statement, Mr. Battles said. But it must be remembered that the subject at hand is price differential as it relates to agency commissions. Agency contracts are invariably based on a percentage of premium dollars. This means that insofar as costs in relation to agency commissions are concerned, agency company expense percentages will remain precisely the same regardless of whether the company involved is charging $100 for its product, or $80. To put it another way, the cost of services performed by an agent, being determined in advance as a percentage of premiums charged, will remain at the same percentage level regardless of the price of the policy.

Premiums Pay Losses

Everyone knows that most of the premium dollars eventually go to the payment of losses. It is also known that the payment of these losses is in no way governed by, or limited by, any predetermined percentage factor. Thus, to speak of loss ratios as percentage factors, is to merely describe them in retrospect. In other words, the loss dollars paid are hard, cold hundred-cent dollars—they are not a pre-arranged percentage of anything. A closer look at this area, where most of the premium dollar is found discloses that companies charging the lowest per unit premiums are generally paying out the smallest number of loss dollars. If the search is for a road to parity between these types of companies, isn't it logical to look further into this matter? asked Mr. Battles.

From what has been seen already, it is obvious that most of the difference in price is represented by the difference in loss dollars. This should have prompted someone long ago to ask questions about this phenomenon. Are agency companies paying too much for a given loss? Are direct writers paying too little on losses? Do the insured of direct writers have fewer losses than the insured of agency companies? If so, why? Does the direct writer have a monopoly on careful or lucky underwriters Are losses less severe when caused by direct writer policyholders? If so, how come? Unfortunately, the business has not yet taken a sufficiently careful look at itself to discover the answers to these questions, Mr. Battles said.

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A bill increasing the financial responsibility law minimum limits to 10/20/5 and extending the law to apply to owners as well as operators has passed the house in **Washington** by a vote of 91 to 0.

COMMENTS TRENDS OBSERVATIONS

Save Wasted Windshield Dollars

William P. Henderson is president of Henderson Tire Co. of Detroit. He has written articles on windshield replacements and other problems of auto physical damage coverages for THE NATIONAL UNDERWRITER *over a period of several years. Mr. Henderson's persistent calling of attention to the increase in risk exposure resulting from changes in car styling has had an undoubted effect in auto underwriting and rating.*

By Wm. P. HENDERSON

Huge dollar savings can be made in windshield replacements. This has been demonstrated by research studies on several thousand windshield replacements. The studies had support from a number of insurance companies, and include the data of one insurer which made its own investigation and found many unnecessary payments are made.

It is possible to save up to 20% on comprehensive windshield losses if alert claim procedures are followed. Needless expenditures for windshields which should never be replaced or payment for windshields not actually replaced only build a false claim record. This cannot be condoned, especially in times of tight claim dollars and underwriting losses. A 20% reduction means a $40 million saving on an estimated $200 million of windshield losses that will be coming up within two years as twin-wrap windshields come into their own. Such an amount of saving warrants greater consideration from the insurance industry than it has received to date. It would reduce the loss ratio on all automobile insurance written in excess of 1 percentage point.

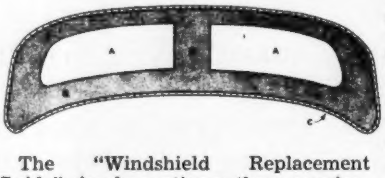
Can Achieve 20% Saving

A 20% savings can be achieved by making use of two procedures—refusing to replace windshields if damage is inconsequential or does not interfere with driving vision, and establishment of a system to make sure that a windshield paid for is actually replaced.

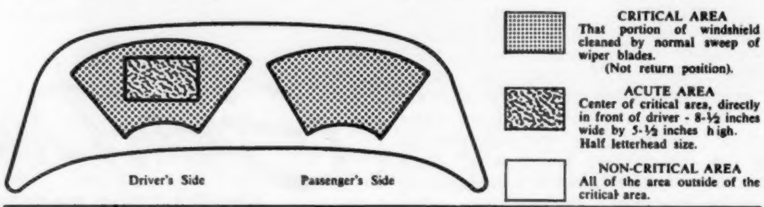
A research study on types of windshield losses over a period of 12 months and covering several thousand windshields indicated that a conservative 10% reduction in losses could be obtained if the windshield were not replaced in the case of small marks marring the appearance but not interfering with driving vision. The most effective method of selling the idea of non-replacement to the insured is had by use of the "Windshield Replacement Guide."

The guide has been reproduced more than a million times and has been adopted by two of the largest physical damage insurers and several hundred small companies.

Auto glass manufacturers use what is known as a curved windshield quality guide. Because it is impossible to manufacture perfect windshields in volume, there is a long list of allowable structural and visual imperfections as applied to the various areas of the windshields. The millions of windshields purchased annually by car manufacturers and installed in new cars meet the minimum requirements of the manufacturers' quality guide.



The "Windshield Replacement Guide" simply continues these requirements for windshields in use on the road. Windshields in use are subject to millions of nicks and minor abrasions, but it is virtually impossible to insure them if claims are presented for these inconsequential marks when they do not interfere with the windshield's prime function. Windshields are to look through and not to look at. In simple terms, the windshield guide helps tell when to spend $100 for a windshield replacement. It is not copyrighted and the latest version is available for the asking.



DAMAGE	DESCRIPTION	REPLACE	DO NOT REPLACE
Bull's Eye / Half Moon	Circular or Semi-Circular Inner Glass Fractures (Not Vented)	In the acute area / over ¼" In critical area	In a non Critical Area
Stone Nicks or Chips	Glass Chips which are dislodged from the surface of the glass	Over 1/16" in acute area / Over 1/8" in Critical Areas.	Less than 1/16" in Acute areas / Less than 1/8" in non Critical area.

The research program was carried on by use of the guide. Damage on each windshield that was replaced was charted on a full-size cardboard model using the guide symbols. The symbols were carefully placed in the exact area in which damage occurred. At the same time, a series of questions were checked on a separate tallysheet.

Only the findings of interest to insurance people are related below, plus a few comments.

It was found that 90% of all breakage is caused by flying stones. Most of the losses occur at speeds above 40 mph. Most stones come from cars passing in the opposite direction, not from cars ahead. Sixty percent of the damage occurs on the left, or driver's side. Elapsed time between actual breakage and replacement is only 16 days.

Losses applied to a figure of 1,000 are:

(1.) 781 star breaks, accounting for 78.1% of the losses. These are small or large, caused by flying stones. They were divided evenly, half in the critical area and nalf in non-critical areas.

(2.) 8 large bulls-eyes, or .8% of the losses. These are larger than ⅜ of an inch, and also are caused by flying stones.

(3.) 35 strain cracks, 3.5% of the total. These start from the edge and had no visible point of impact. In a five-year insurable period, a 17.5% loss is sustained which could be reduced if manufacturers would edge seam the glass.

(4.) 65 miscellaneous losses, 6.5% of the total. These are caused by BB shots, passengers' heads butting the glass from the inside, falling objects, birds hitting the windshield, etc.

(5.) 104 half-moon or bulls-eyes smaller than ⅜ of an inch. These are 10.4% of the total and are caused by small stones hitting the windshield at high speeds. These losses were replaced only in the critical area.

(6.) 7 small nicks or chips, .7% of the total, mostly caused by small flying stones, and are replaced only in the acute area.

The first four items above are large breaks or small vented breaks which grow in size and are replaced regardless of the area in which they occur.

Small bulls-eyes and half-moons are replaced only when they occur in the critical area, that area covering only one-half of the frontal area exposed for breakage. Half of the star breaks occurred in the critical areas and half in the non-critical areas. The 104 replacements in Item 5 had their equivalent number in the non-critical areas and were not replaced. When such losses were not inspected and reached the glass replacement shop, the terms of the replacement guide were explained to the owner. If there was objection, the loss was referred back to the claim department for inspection.

There were only seven windshields replaced per 1,000 having small nicks or chips entirely in the acute area. Because the acute area is only 1/20 of the frontal area of the windshield, it is logical that there would be 20 times this number on the other parts of the windshield, a total of 140 more claims if all reported and allowed.

The study clearly shows a conservative 10% reduction of losses is obtained if the "Windshield Replacement Guide" is used as an aid. This is not so surprising in itself as is the ready acceptance of the insured to the terms of the guide. Frequently the reputation of the insurer is enhanced because of such a common sense explanation. Many auto owners admitted the small marks were a questionable loss in their own minds.

Gives One Objection

One of the objections to the application of the guide occurs when the owner is expecting and wants a cash settlement. The lure of $100 in his pocket is apt to occasion a seemingly serious objection until it is explained that cash settlements cannot be made for windshields. If such a mark on the glass could be construed as a loss, it would remain a loss for the current insurer or for another insurer if the glass were not replaced. This explanation causes the objections to vanish, and not one in 100 of the claimants presses for an actual replacement.

On top of this comes the investigation conducted by a company which challenged the statement of this writer at a meeting of the National Assn. of Independent Insurers when it was said: "Insurance companies are wasting many of their windshield claim dollars by paying for windshields never actually replaced."

Check Random Sample

This company pulled at random 150 paid windshield losses and checked them out to make sure the windshields paid for were actually installed. The company was successful in checking 130 losses and found that 15 windshields had not been replaced. Nearly all of the unreplaced losses occurred at the time of trade-in, and the dealer simply put the cash in his till. Checking was difficult because many of the cars had changed hands.

In every case in which no replacement had been made, the company demanded that the windshield be replaced or the money refunded. The insurer was successful in every instance and collected enough money to

Agrees On Problems Of Medium Size Insurers

A field man subscriber writes:

I do not know who wrote the article on page 16 of your Jan. 16 issue, regarding the predicament of medium size companies; however, I wish you would congratulate him for me. The article has considerable food for thought and unless the stock companies can come up with a program to meet competition and write more of the quality business, we are in for more trouble from the loss end of the business. The situation is really quite serious.

pay for the investigation. It also got the added satisfaction of educating 15 dealers that it is not profitable to aggravate small windshield nicks into $100 losses.

A second case study by another company is worthy of mention because it shows specific claim figures as a result of aggravated windshield losses. Coverage on 105 cars in a company leased fleet were involved. In 10 months, 21 windshield losses were presented for payment, and 17 of these were paid in a three-month period when the fleet was being replaced with new cars. Loss figures showed payment for glass in excess of $2,000 was 40% of the total claims paid for complete physical damage coverage. Insurance was cancelled because of wasted windshield dollars on aggravated windshield losses, many of which I am sure were never actually replaced. The solution would appear to be a program of windshield inspections, certified replacements and application of the windshield guide. If the guide can help reduce losses 10%, certified replacements can add another 10%.

Gains In Importance

This 20% becomes more important as manufacturers style more and more cars with twin-wrap windshields. A more realistic styling of smaller windshields is about two years away. Before it comes about, the insurers will be called upon to cover more than 10 million large twin-wrap windshields. A group of companies employed a research organization which determined that the required premium on twin-wrap windshield is in excess of $12. The conclusion is that in two years' time the insurance business will be paying for windshield losses annually at about a $200 million rate.

Additional factors which increase windshield costs, but can be controlled, are:

—Substitution of higher priced tinted or shaded glass for clear glass windshields. This adds $5 to $20 per unit.

—Substitution of cheaper safety sheet glass for side windows selling for 40% less than safety plate glass. Both the insured and insurer are cheated if they are billed for the more expensive glass.

—Re-use of partially damaged windshields. This puts cars back on the road with impaired vision and contributes to more accidents. Such windshields are bought by owners who do not carry insurance. On a collision loss where a windshield is broken, sometimes they are used to eliminate the payment of the deductible when the owner is short of cash.

Many companies are successfully using various forms of a windshield and auto glass certification and release. It can control the factors listed above and give assurance that the windshields an insurer pays for are actually replaced. A copy of one such form is available on request.

Special plus rating of large windshields has had its effect on car styling in Detroit. One popular auto will return to a much smaller windshield at its next body change, and other manufacturers undoubtedly will follow. The distant future looks bright for a reduction in windshield expense, but it will be a long wait unless alert and sound claim procedures are adopted promptly.

(Reprints are available at 40 cents for the first copy, 20 cents for additional copies, or less in large quantities. Address Wm. P. Henderson Inc., 1991 Woodward Avenue, Berkeley, Mich.)

Badger Mutual Assigns 3 In Mich., Tenn., Pa.

Appointed regional managers by Badger Mutual are William M. Bowen for Tennessee, Oliver W. Scott in western Michigan, and Walter J. Straiton Jr. in eastern Pennsylvania. Mr. Bowen, who will operate from Shelby, N.C., will succeed Donald Twelker, who has been assigned to Detroit. Mr. Scott, who has had five years of claims adjusting and field work, will have headquarters at Battle Creek. Mr. Straiton, formerly with the Pennsylvania department, will have offices at Harrisburg.

N. D. Compulsory Bill Killed

The North Dakota senate killed a bill for compulsory with the option of proof of financial responsibility. Also rejected was a bill which would have replaced the state's guest law.

The house insurance committee in **Georgia** has voted to postpone for a year action on a bill which provided for separation of the insurance department from the comptroller's office. Zack Cravey holds both offices.

Stuck With Independence As Selling Point

(CONTINUED FROM PAGE 2)

completed in the past few years in the east, and perhaps there are similar developments in other territories. Smallness is also a serious problem for some companies in this era of stiff competition. This has led to a rash of mergers and cooperative inter-company deals.

He noted the trend toward continuous policies and direct billing which company spokesmen allege will effect savings through the use of electronic machines. He referred to Continental Casualty's recent offer in several eastern states of a low cost hospitalization policy to persons over 65. The company bills insured direct and collects a small premium of $6.50 monthly. Agents who wished to participate were given a "token offer" to take applications for which they would receive $1.95 one time only, he declared.

If such a procedure proves successful, Mr. Napear predicts that other insurers will follow suit, first on a limited scale and then on a more ambitious basis. In any event, the action is another straw in the wind which shows the precarious position of the agency and brokerage system. Future developments will show less and less difference between exclusive agency companies and today's "staunchest friends" of the old system. But Mr. Napear does not believe that the public will benefit by this trend.

He doubts that the great contributions agents and brokers have made in practically every area of the business will do much to stem the competitive tide running against them. In 25 years, the independent agent and broker will not exist on the same operating basis as today, he said. It is particularly evident that the large metropolitan producer will be a lost breed. Ever growing competitive pressure will strengthen the move toward exclusive agency representation particularly in urban centers. The independent producer will continue to operate with some success where it is impractical to establish branches.

This new order will not solve the troubles of the business, however, Mr. Napear observed. The exclusive agent, as an employe, will be more subservient to the wishes of insurers, but he will also be a bigger burden in the expanding welfare state. Imagined savings in cost through the use of exclusive agents may prove to be an expensive luxury. But that possibility is not likely to deter the inexorable movement toward the new method of insurance distribution.

72,972 N.Y. Motorists Forfeit Plates In Jan.

During January 72,972 New York motorists forfeited their license plates due to lapse of compulsory insurance, according to the bureau of motor vehicles. Of these, 21,424 car owners received 30-day revocations for failure to keep their insurance in force, and 51,548 voluntarily surrendered their plates while coverage lapsed, thus avoiding the 30-day penalty. Licenses and registrations of 175 New York uninsured drivers, who were involved in accidents during the month were revoked for one year, and 3,227 out-of-state drivers who were involved in accidents lost their privilege to drive in the state for the same period. The bureau rescinded 8,428 previous 30-day and 13 one-year revocations when it received belated proof that insurance had not lapsed.

Urge Ga. Rate Hearings

A Georgia bill permitting the commissioner to hold public hearings before acting on rate filings has passed the state senate and gone to the house. The measure does not compel the commissioner to hold hearings before approving rate changes, but if anyone objects to his approval, hearings are mandatory.

The bill further requires that proposed rate changes be on file for public inspection in the commissioner's office for 15 days before they become effective. The commissioner is not required, however, to give public notice that proposed rate changes have been filed.

Preferred Mutual Reports

Premiums of Preferred Mutual of New Berlin, N. Y., increased 15.6% during 1958 to $3,220,293. Unearned premium reserve increased to $2,489,486, and an underwriting profit of 9.8% or $246,648 was realized. Investment operations contributed a net gain of $205,477, and $243,669 was added to surplus, which now totals $1,699,048. Assets increased $379,751 to $4,521,231.

A. L. Wilson and **R. E. Beaudry** have set up their own independent adjusting office at San Francisco under the title Beaudry & Wilson. They have been claim executives of Industrial Indemnity, Mr. Wilson as supervising claims examiner and Mr. Beaudry as claims supervisor.

Cal. Agents Told Necessity Of Suit Against Companies

More than 1,200 members of California Assn. of Insurance Agents who attended the association's 26 regional meetings were told that developments since the original filing of the suit against a group of companies in the dispute over reduction of commissions, have borne out the organization's contentions that the action was necessary.

The action, taken by a subsidiary organization called California League of Independent Insurance Producers, charged violation of anti-trust laws. The agents' attorney, Joseph L. Alioto, is taking depositions from executives of companies in the suit.

Association officers discussed the progress of the action and William J. Hobin, Stockton, president, reported that since the filing a large number of agents have requested that their names be added to the supplemental filing to be made in the near future. Milton R. Cheverton, vice-president, said the producers found the action necessary just as they were forced to take legal action years ago to determine ownership of expirations.

Also discussed at the meetings was the uninsured motorist endorsement as a possible "workable solution to the imminent threat of compulsory automobile insurance."

Mo. Windstorm Insurer Goes Multiple Line

State Farmers Mutual Tornado, windstorm insurer of Cameron, Mo., has commenced multiple line operations. Harry D. Knight, vice-president and general manager of the casualty division, is in charge of the reorganized division.

William A. Griesinger, formerly with Meridian Mutual, has been named chief accountant, and Robert T. Fletcher, who was previously with Iowa Farm Mutual, is chief casualty underwriter. Appointed multiple line special agents are Frank Bowness at Cameron, Lee Trammell Jr. at Dexter, A. B. Loy at Columbia, and Wiley Proctor at Willard.

Nw GAs Name Trantow

Lloyd Trantow, Washington General Agency, was elected president of Northwest General Agents Assn. at the annual meeting in Seattle. He succeeds H. M. Gould Jr., Gould & Gould. Other officers are: Vice-president, Oliver Whalley, J. A. Whalley & Co., and secretary-treasurer, A. O. Armstrong, Armstrong General Agency.

Allstate Appoints Managers

Allstate has appointed Wren M. Frith operating manager at Jackson, Miss.; Jack Hale sales development manager, and William Schoepoester underwriting manager at Pasadena; and Paul G. Johnson underwriting manager, Baird E. McIlroy sales development manager, and George H. Pomeroy district sales manager at Menlo Park, Cal.

Tennessee bills which would have tightened controls over auto rate making have been tabled. The action came after the new commissioner, John R. Long, said the bills in effect take a slap at the commissioner. "They proceed on the assumption he's going to be a crook," he said. One of the bills would have required a rate hearing on request of any insured.

WANT ADS

Rates—$22 per inch per insertion—1 inch minimum—sold in units of half-inches. Limit—40 words per inch. Deadline 4 P.M. Friday of week before publication in Chicago office—175 W. Jackson Blvd. Individuals placing ads are requested to make payment in advance.
THE NATIONAL UNDERWRITER

WANTED
WISCONSIN FIELDMAN

We are looking for an experienced Multiple Line Fieldman, preferably with strong Casualty background. Company is an old established, rapidly expanding, Mutual company with excellent future for qualified man.

Age 28-38 preferred, full company benefits, salary open. Replies will be held in confidence. State experience and reply to:

H. C. Ewert, Secretary-Treasurer
BADGER STATE MUTUAL CASUALTY COMPANY
5434 W. Capitol Dr., Milwaukee 16, Wisc.

H. O. CLAIMS SUPERVISOR

Automobile — Prefer College graduate, age 27 to 35, minimum exp. as adjuster 5 years. Salary open. Excellent opportunity for advancement. Must be able to communicate well by letter and in person. Position will involve long hours, hard work, some travel and can only be filled by a man with ambition and resourcefulness. Write giving qualifications including age, education, experience and salary expected.

T. F. Stewart, Claims Superintendent
NATIONAL CASUALTY COMPANY
1100 Griswold Bldg., Detroit 26, Michigan

Growing midwestern multiple line mutual desires experienced Casualty Underwriter with designs for an executive future. Must be thoroughly acquainted with all lines of casualty business. Age 21 to 31. Please state full particulars in first letter. Located in growing community of 30,000 in Illinois. Our employees know of this advertisement. Write Box E73, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Illinois.

Tampa Florida Agency

$140,000 yearly sales of general lines Fire and Casualty business—Well established and reputable agency. Owner has other interests requiring time. Will accept $35,000 as cash sale price or work out terms with responsible buyer. Write Box E-72, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

INSURANCE EXECUTIVE

Advisory service organization, with select industrial policyholders, requires Executive with experience in account management all coverages including Surplus Lines. Casualty predominates. Major company experience desirable. Location North Carolina. Excellent future. Good starting salary. Fringe benefits. Profit participation. Replies confidential. Write Box E-70, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

Agency Opportunity (Chicago)

Old established smaller general agency in Ins. Exchange Bldg. offers unusual opportunity for man under 30. Work half time on salary basis, remainder on developing your own business. Fire background necessary including knowledge of rates, etc. Other lines experience helpful. Write Box E-71, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Illinois.

INSURANCE
BRANCH MANAGER

Large eastern multiple line stock company operating nationally desires a branch office manager for its Atlanta office. All replies confidential. Write Box NY-5, c/o The National Underwriter Co., Adv. Dept., 17 John St., New York 38, N. Y.

AVAILABLE

Surplus Lines facilities with Stock Casualty company specializing in Sub-Standard Auto, and Trucking Risks. Policyholders Surplus in excess of $300,000. State qualifications and expected volume. Company is interested in working through production sources of M.G.A. caliber. Address Box E-84, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

SPECIAL
AGENTS

Large expanding stock company has excellent opportunities for field men.

Openings for:
CASUALTY SPECIAL AGENT
West Virginia

Openings for:
FIRE SPECIAL AGENTS
Pittsburgh, Portland, Me.
and Tampa, Fla.

Send complete résumé including education, experience and salary desired to: Dept. SA; P.O. Box 178, Wall St. Station, New York 5, N.Y.

FOR SALE

SEVEN YEAR OLD FIRE AND CASUALTY INSURANCE COMPANY. PRICE $500,000. AVAILABLE WITH OR WITHOUT MANAGEMENT.

Write Box E-77, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Illinois.

WANTED

To acquire controlling stock interest in a Fire or Casualty Company. Will purchase up to 100% of outstanding stock. Please include Balance sheet or copy of last annual report. Advise whether existing management would be interested in remaining with new owners. Reply Box E-81, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

GO GENERAL AGENCY—NEBR/IOWA

New Agency—experienced personnel—seeks company preferably with some present volume in above states, who want to change to General Agency Operation to cut expenses, pinpoint responsibility, consolidate small agencies reporting, and gain higher type representation close to the field. Reply Box E-50, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

CLAIM ADJUSTER

to take charge of one-man branch claim office located in southwest Virginia. Desire individual experienced in investigation and adjustment of Workmen's Compensation claims. Car furnished. Reply Box E-67, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

FIELDMAN
AVAILABLE FOR WISCONSIN

21 years general insurance experience as agent, fieldman, manager, and corporate buyer. C.P.C.U., age 38, married—residing in northern Wisconsin. Résumé on request. Reply Box E-69, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

Wanted
AUTOMOBILE CASUALTY FIELD MAN

At least three years experience. Starting salary $7,500 and bonus. Travel out of Jacksonville, Florida. Qualifications to Box E-75, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Illinois.

INSURANCE WOMAN

With experience needed to take charge of one-man general insurance office. Please reply if you can take over and run as your own business.

SUBURBAN LOAN & MORTGAGE CO., Rm. 207, 840 So. Oak Park Ave., Oak Park, Illinois.

Wanted
FIRE ADJUSTER

Growing Multiple Line firm. Excellent opportunity for qualified and experienced Fire Adjuster. Write or call: **Illinois-Iowa Claim Service, 401 Safety Bldg., Rock Island, Illinois. Telephone 6-7787.**

Better 1958 Results For American Surety

American Surety had an underwriting loss in 1958 of $3,449,891 compared with a loss of $5,261,747 in 1957. Premiums written were $51,263,019, an increase of $3,988,321 and a record high for the company. Unearned premium reserve increased $3,272,647 to $32,611,306. Policyholders surplus rose $3,754,444 to $24,325,851 at the end of 1958.

The ratio of losses and loss expenses to premiums earned was 62.8 and the ratio of other expenses to premiums written was 41.6. These compared with ratios of 64.6 and 43 in 1957.

In his report to stockholders, William E. McKell, chairman and president, stated that automobile BI and PDL results continued to be a problem. The company's increased writings in these lines in 1958 reflected upward rate revisions rather than assumption of new risks. The ratio of these lines to total net writings in 1958 was 32.7 compared with 31.5 in 1957 and 32.3 in 1956.

Other Results

An underwriting profit was realized in both the surety and fidelity. Written premiums in fire and allied lines were 30.8% more than in 1957, but the loss ratio was high. Inland marine writings increased but the line was unprofitable.

The loss ratio for automobile PHD was more than four points under 1957. Miscellaneous BI and PDL premiums increased and the loss ratio improved. Workmen's compensation writings were up but underwriting experience was worse than in 1957. Burglary volume increased while glass premiums declined. The combined loss ratio on these lines was 3.6 points above 1957.

Net investment income in 1958 was $1,968,621. Net operating loss after federal taxes was $790,756 against a loss of $2,150,384 the year before. Assets increased from $80,208,154 to $88,364,040.

Possible Profit From Automobile Line Noted

The business can make a profit from the automobile line—but to do so requires a number of improvements, most notably the utilization of more experienced and qualified adjusters, according to Harry J. Boyle, General Adjustment Bureau, San Francisco.

Addressing the Arizona Insurance Day at University of Arizona, Mr. Boyle said ineffective investigation has contributed to the "staggering percentage" to which claim costs have risen. Noting that he was confining his observations to material damage or potential exposure to third party claims, he stated that every loss or claim should be thoroughly investigated.

Law Enforcement Needed

A laxity in law enforcement must also be considered. While the increased cost of both replacements and repairs is a consideration, at least some of the unfavorable experience is the result of many states continuing to license wholly unqualified drivers.

Although most casualty lines, with the exception of automobile BI and PDL, have "modestly improved," Mr. Boyle said he seriously doubts "that automobile liability will soon remove itself as a problem."

Fla. Report Finds For Rate Making

(CONTINUED FROM PAGE 1)

of local efforts toward traffic safety. A single state rate would drive insurers out of the areas of poor experience and leave them without insurance facilities.

The subcommittee stated that it was "compelled to set forth a finding which doubtless will be received in some quarters with incredulity and perhaps irritation. We are firmly of the opinion that the Dade county rates are fair to the motoring public." In the light of actual experience the rates approved by the commissioner have proved inadequate in recent years.

The report lists a number of "unsavory practices" arising from "the avarice and dishonesty of some human beings." When there is insurance, the report states, the repair man may pad his bill, the doctor increase consultations, time of treatment and fee, unethical attorneys, who use runners, file fradulent or excessive claims, insurance adjusters conspire with plaintiffs to defraud insurers, and insurance attorneys and adjusters stimulate higher costs by refusing to pay just claims.

The report presents detailed data on jury awards in Dade county and concludes that the evidence fails to justify the charge that they are exorbitant.

Finally, the report observes that Florida is not unique, that rates have been increased elsewhere, and that on a comparative basis Florida rates are not so bad.

Compulsory Sponsor Has Bill In Ore. To End UM

SALEM—Sen. Dimick, author of the automobile compulsory liability bill in Oregon, has introduced a measure which would outlaw any provision in an insurance policy requiring the policyholder to submit disputes for arbitration. His bill is aimed at the arbitration clause in the uninsured motorist endorsement, and if adopted would probably eliminate UM in the state.

UM is the industry answer to compulsory and is widely in use in Oregon. Without the arbitration clause the companies fear they would become involved in an expensive court litigation with their own policyholders.

International Milling Names Buyer

Dean E. Reep has been promoted to director of safety and insurance of International Milling Co., Minneapolis. He began with International in 1952 in the insurance department and prior to that was in insurance agency work in the Twin Cities. He replaces Clyde W. Thompson, who is entering the brokerage business at Minneapolis.

Vernon Neufeld has been appointed supervisor of the central San Joaquin valley district of Brown Bros. adjusters. With headquarters at Fresno, he will be in charge of the offices at Tulare, Fresno and Modesto. He is also assistant to T. D. Brown, general manager of Brown Bros.

Seek To Put Minn. Blue Cross Under Department Regulation

ST. PAUL—An amendment to allow he Minnesota department to regulate Minnesota Hospital Service (Blue Cross) is before the house insurance committee. It is vigorously opposed by he Blue Cross.

The bill would give the commissioner jurisdiction over operations and management of Blue Cross, authorize periodic audits and place Blue Cross under state supervision in a manner similar to that of insurers. Among the amendments, one would give the commissioner power to approve or disapprove Blue Cross rates, give him supervision over forms and policies, and provide for licensing of Blue Cross salesmen. Another amendment would specifically exclude Blue Cross from payment of the 2% premium tax.

Sheehan Has Say

Commissioner Sheehan told the committee at a hearing that Blue Cross transactions "have all the characteristics of an insurance company" and should be brought under department regulations. Blue Cross argues that it is a service organization, not an insurer.

The 1958 report of Minnesota Blue Cross shows an operating loss of $1,-77,276, the second consecutive year in which there was a deficit. The 1957 loss was $305,862. Blue Cross had a gross income in 1958 of $33,810,000.

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Auto Renewal Plan Regarded Favorably

The automobile policy renewal plan outlined last fall by Cleare Filer of the . H. Filer agency of Miami has attracted favorable comment from a number of agents. After the plan was described in a bulletin of Florida Assn. Insurance Agents, Mr. Filer received replies in favor of adoption of the plan.

The renewal plan is designed to reduce the cost of handling this line and is an alternative to direct billing. It combines in one snap-out carbon an expiration and premium notice, renewal certificate, second premium notice, renewal notice to lienholder and daily report copies.

The agent can type up the renewal set at the usual renewal time; or the company can do it by machine and send a month's renewals to the agent in advance. However, no daily report copies would go to the company yet, or be retained by it if it wrote the renewals for the agent. The renewal would not yet be invoiced by the agent. At an advance date the agent would mail payment notice and renewal certificate, and later, perhaps a week before expiration, the second notice. Notices fit a standard size window envelope.

No Wasted Effort

If insured does not respond by expiration, the agent can get in touch with him or consider the renewal not wanted. In the latter case, nothing goes to the company. There will be nothing to run through accounting as a return premium since no invoice was issued. Because nothing went to the company there will be no flat cancellations. The agent doesn't need the renewal certificate back from insured (as he does the policy) because it has no value unless insured has made a payment.

If the premium, or part of it, is paid on renewal, the agent invoices the renewal and sends the company the daily report copy. Notices would clearly tell insured he must pay by renewal date or coverage will lapse.

Mr. Filer points out that in addition to reducing costs for both agent and company, eliminating flat cancellations, etc., the plan can be worked into a company machine operation without direct billing. The agent can still arrange installments.

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Employers Mutuals Of Wis. Register Gains

Employers Mutuals of Wausau had total premium income in 1958 of $109,415,821, a 2.5% gain. The increase was achieved despite a decline of approximately 2% in workmen's compensation premium volume.

Net underwriting gain for the year was $7,305,059 and earned investment income totaled $5,254,065.

Operating expenses were $30,088,-516. The ratio of expenses to premium income, exclusive of taxes, was 24.7%, compared with 24.94 for the year previous.

For Employers Mutual Fire, premium income was $7,276,572, an increase of 8.39%. The largest increase in fire volume came from homeowners. Losses incurred were $2,940,830. Operating expenses, including taxes and license fees, were $2,579,546. The underwriting gain totaled $1,484,686.

Proposes A Much Shorter Study Course For License Applicants In A&S Field

TRENTON—Protests against the length of a proposed 30-hour course of study by New Jersey applicants for agents and brokers licenses to do business in the A&S field were registered here at a hearing called by Commissioner Howell.

Francis T. Curran, supervisor of the statutory disability division of America Fore, speaking for Health Insurance Assn. and New Jersey Assn. of A&H Underwriters, urged reduction of the length of the course, saying it might prove a heavy burden on smaller companies and that applicants in rural areas would have difficulty attending classes. He suggested a course of study of some 10 hours as one which companies could conveniently handle in their home offices.

Daniel P. Kedzie, superintendent of training of Continental Casualty, urged that correspondence courses be admitted to the curricula.

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American Casualty Raises Jordan In New England

American Casualty has promoted William F. Jordan to production manager of the New England department. He joined the company as a field representative at Boston in 1953.

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Ill. Pond Initiates 15

Illinois Blue Goose at its midyear meeting at Springfield last week initiated 15 goslings. Additionally, 13 ganders who took flight to Illinois from neighboring ponds during the past year were approved for membership.

Harold G. Scott, American, guardian, has been transferred to Iowa, and it was decided to fill his position at the annual meeting in June.

The gathering was attended by about 65 ganders.

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Arthur Carlson has joined American at Chicago as assistant to John Link, fire manager. Mr. Carlson was with U.S.F.&G. for 18 years

GAB Appoints Several In N. Y. And Conn.

General Adjustment Bureau has made several appointments in the east. P. M. Adamson becomes general adjuster in New York. Charles F. Hargrett, manager at Hempstead, N.Y., succeeds him as manager of the New York office. Mr. Hargrett is succeeded by Leo L. Kling Jr., who is replaced as manager at Jackson Heights, N.Y., by Frederick A. Harraghy.

Mr. Adamson joined the bureau in 1945. He became manager at Brooklyn when the office was opened in 1946, and in 1953 became manager at New York. Before going with GAB, he was an independent fire loss adjuster in New York City. Mr. Hargrett joined GAB in 1941 at Norfolk. He served at Jamaica, N. Y., Buffalo and New York City and in 1948 became Bronx manager. He was appointed manager at Hempstead in 1950. Mr. Kling went with GAB in 1937. He was appointed manager at Parkersburg, W. Va., in 1949, at Wheeling in 1950, and at Jackson Heights in 1954. Mr. Harraghy joined GAB at White Plains, N.Y., in 1946 and has been senior adjuster there for the past several years. Prior to joining the bureau he had been with Continental Casualty and Travelers.

Other Appointments

Theodore A. Olson becomes general adjuster for western New York, succeeding Chester C. Patton, retired. Edward J. Beglin succeeds Mr. Olson as manager at Rochester, N.Y. Mr. Olson joined GAB in 1931 and served in Syracuse and Rochester. He was appointed assistant manager at Rochester in 1951, and manager in 1952. Mr. Beglin joined the bureau in 1937 at Rochester where he has been senior adjuster. Prior to 1937 he was with Travelers and U.S.F.&G.

Kenneth G. Critton has been appointed assistant manager at Hartford. He is succeeded as manager at Bridgeport by Norman E. Brotherson. Mr. Critton joined GAB in 1946 and served at Huntington, W. Va., Newark and Asbury Park, N. J. He became manager at Bridgeport in 1955. Mr. Brotherson joined the bureau in 1948 at New Bedford, Mass. He went to Brockton, Mass., in 1951, where he has been senior adjuster.

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New St. Joe Valley Ganders

St. Joe Valley pond of Blue Goose at a meeting in South Bend initiated three goslings. F. A. Andersen, Aetna Fire, MLG, presided.

The ganders saw films of the highlights of the 1958 Notre Dame football season

Savings And Loan Bill In Cal. Legislature

A battle which highlighted the 1957 session of the California legislature is to be renewed this year with the introduction of a bill to prohibit savings and loan associations or persons connected with them from profiting through the placing of insurance.

The bill is reportedly aimed at Home Savings & Loan, controlled by Howard Ahmanson of Los Angeles, who also has control of National American of Omaha.

The Savings & Loan League opposed the bill in 1957, while it was pushed by the independent insurers. California Assn. of Insurance Agents is said to have favored the measure but did not fight for it in 1957.

As the result of the 1957 measure, many savings and loan organizations added to their company lists, and one announced that it would accept any company rated A-plus, excellent, by A. M. Best Co. California anti-coercion law makes it possible for borrowers to select their own agent or broker, but says nothing about choice of company.

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Kemper Assigns Luthy To Eastern Department Post

Kemper companies have assigned Martin P. Luthy Jr. to Summit, N. J., where he will work in agency development and agency relations. He joined the Kemper organization in 1951 and has been with the home office agency production staff since 1954.

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Pieringer Named V-P of Employers Casualty

Joe S. Pieringer Jr. has been elected vice-president and comptroller of Employers Casualty. Formerly assistant treasurer in charge of data processing, he has been in the fire and casualty field more than 20 years

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Name Butler In Tex., Okla.

B. L. Butler has been assigned as special agent in Texas and Oklahoma by Southwestern Agency of Dallas. He will operate out of Dallas.

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Dowd Joins Sayre & Toso

Edward Dowd Jr. has joined Sayre & Toso-W. B. Brandt & Co. as manager of domestic operations at Los Angeles. He entered the business in 1947 in the marine department of Fireman's Fund and prior to joining Sayre & Toso was with American International Marine agency of Los Angeles.

Auto BI Puts Travelers' Casualty Results In Red

(CONTINUED FROM PAGE 2)

over 1957, automobile lines showed a sizable underwriting loss, particularly in BI. PDL and collision were profitable, but there was an underwriting loss on fire, theft and comprehensive.

Restricted Market Is Temporary

In his report to stockholders, J. Doyle DeWitt, president, noted that in certain parts of the country, the automobile rate and accident situation was so unfavorable that sound underwriting requirements forced an appreciable reduction in business. It is felt that this localized curtailment of automobile business must be temporary.

Group A&S premiums in 1958 were $249,721,465. Individual A&S premiums were $29,031,000, an increase of 4.5%.

Workmen's compensation premiums went up 4% to $99,319,000 and the line showed a small profit.

General liability and property damage premiums were up 6.5% to $56,605,000. The combined lines showed an underwriting loss due to poor BI experience. PDL produced a profit.

Satisfactory premium gains were shown in fidelity and surety, while decreases from 1957 were registered in boiler and machinery, burglary and glass. The decrease in burglary was due to shifts in coverage to multiple line forms and to fewer renewals due in 1958 of these three year policies. There was an underwriting profit for boiler and machinery and particularly good results for surety. Fidelity, burglary and glass produced underwriting losses.

Multiple peril written premiums increased by 43.7% to $13,589,000 but the line showed an underwriting loss for the year.

Fire and allied lines, excluding multiple peril, produced written premiums of $43,491,000, a decrease of 1.2% from 1957 due to transfer of coverage to multiple peril forms. There was an improvement in fire and allied line results, particularly in windstorm, and an underwriting profit was achieved.

Inland and ocean marine, excluding multiple peril, produced premiums of $10,177,000, an increase of 5.6%. There was an improvement in loss ratios in both lines, but inland marine showed an underwriting profit while ocean marine registered a small loss.

Travelers itself had an operating gain of $33,467,331 compared with $9,560,223 in 1957. Surplus increased $20,966,585 compared with a decrease of $814,251 the year before. There was a combined gain in surplus, special reserve and security valuation reserve of $41,020,990 contrasted with a loss of $10,647,821 in 1957.

Assets of the three companies, with inter-company items eliminated, reached $3,509,570,000, up $198,053,000, compared with an increase of $165,606,000 in 1957.

Maryland To Issue Rule Banning Fictitious Groups

The Maryland department is adopting a regulation stating that "grouping risks which have no preferred characteristic over similar risks written on an individual basis, for the purpose of insuring such grouped risks at a preferred rate or premium or on a preferred form, is a fictitious grouping and is a violation of the insurance laws of Maryland."

Conn. Insurance Bills

Connecticut Assn. of Insurance Agents is opposing several bills in the legislature. These include one to require public hearings before casualty and workmen's compensation rates could become effective, several to make auto BI compulsory, another to set up an unsatisfied judgment fund, and one to eliminate the requirement of driver education for licensing motor vehicle operators between 16 and 18.

The association is supporting an increase in the waiting period on bureau filings from 30 to 60 days, increasing the state grant for driver education in public schools, creation of a commission of 10 appointed by the governor and representing all parties interested in the uninsured motorist problem to study it and report to the next session of the assembly, and strengthening the present financial responsibility law along lines advocated by the all-industry advisory committee on the UM problem. The latter provides for impoundment of uninsured cars after an accident, charges the uninsured motorist a fee of $25 for reinstatement of license, includes moving traffic violations, and requires maintenance proof of FR for five years plus the deposit of at least $500 after an accident to remain for a minimum of two years.

John C. Hagensick has joined the fire loss department of North America at Chicago. He formerly was midwest fire loss manager of American Surety at Chicago, and before that was with Western Adjustment in the Cook County department. He is a graduate of Illinois Tech.

Nuclear Cover Variances Are Noted

(CONTINUED FROM PAGE 2)

facility. Thus, any payment made by insurers automatically reduces the total coverage remaining under the policy. A succession of claims from normal operations or minor incidents could seriously impair the amount of financial protection available for a subsequent incident.

Possibility Of No Coverage

The licensee is required under the indemnity agreement to apply for reinstatement of insurance, but nothing in the policy commits insurers to grant such reinstatement. On the other hand, the proposed indemnity has a fixed floor, based on the dollar amount of private financial protection required of the licensee. This floor of indemnity, therefore, does not descend to meet the actual coverage available under the insurance policy if claims have been paid. Consequently, it is possible that the effective amount of insurance at any time could be less than the required amount of financial protection, and the liability falling within this created gap would not be covered by either insurance or the indemnity agreement.

The most reasonable solution, according to the publication, would be for AEC to word the indemnity agreement to require the licensee to make every reasonable effort to obtain prompt reinstatement where coverage is reduced below the amount of financial protection required. AEC would also provide for its indemnity to descend to meet the reduced amount of insurance for a reasonable period pending reinstatement. This solution seems to accord with the statute which provides that the "amount of financial protection required shall be the amount of liability insurance available from private sources, except that AEC may establish a lesser amount."

If reinstatement cannot be obtained within a reasonable time as determined by AEC, and the facility remains licensed to operate, then alternative means of financial protection would have to be found. It would not appear unreasonable for AEC to continue to extend its indemnity to cover the liability exposures created by the reduction in insurance, since more coverage would not be available from private sources.

Common Occurrence Problems

The publication also notes the problems in connection with limitation of liability for common nuclear occurrences under the nuclear pool policies. This restricts the total liability of insurers in connection with nuclear incidents having a cumulative nature, to the capacity of the syndicates which write separate rather than joint coverage. Nuclear Energy Liability Insurance Assn. limits its liability to $46.5 million, while Mutual Atomic Energy Liability Underwriters has a limit of $13.5 million. Unless the total outstanding coverage of the facilities involved in a common occurrence is properly distributed, the effective coverage may be substantially less than the $60 million available. It would be limited to the capacity of the respective pools if all applicable policies were with either one, or to some other amount up to $60 million, depending upon the allocation of coverage between the pools.

While the pools must avoid covering risks beyond their capacity, nevertheless this limitation may provoke a serious gap in protection. Government indemnity begins only where the required financial protection leaves off. Where two or more reactors are involved in a nuclear incident, each to an unknown extent, indemnity begins only after the insurance on the several reactors has been exhausted—at the level set by the face amounts of the policies on the several installations. To the extent this amount exceeds the syndicate capacity, there would be no protection.

The forum publication believes this gap is unintentional. It states that AEC would not be out of order by including in the indemnity agreement a common occurrence provision to match the similar article of the insurance, prescribing that the floor of government indemnity in the case of an incident involving two or more facilities will be the ceiling of the available insurance. The ceiling referred to is the limit on the total insurance available for the incident, not the ceiling on insurance of any one installation. Where the face amount of the policies in question exceeds $60 million in toto, this ceiling at most would be the $60 million under the limitation of the pool policies. Otherwise it would be the sum of the face amounts of applicable policies.

Remedy Needed; Other Comments

It is evident, the forum publication states, that some provision will have to be made to adapt the floor of the indemnity to mesh more closely with the maximum coverage afforded by the pools pursuant to the reinstatement and common occurrence provisions of their policies. In light of the limitations on the insurance available from private sources, to establish a fixed beginning point for government indemnity at the dollar amount of the financial protection required, regardless of circumstances affecting the amount of the available insurance, may well jeopardize the position of both industry and the public in the event of a serious nuclear incident.

The report also discusses discrepancies between the insurance coverage and the indemnity protection of nuclear transportation risks, and suggests methods of closing protection gaps which result. Liability for damage to reactors and other on-site property is analyzed with particular consideration of problems of suppliers in connection with their potential liability.

The publication observes that the AEC has not extended its discretionary power to cover any activities other than reactor operation under the statutory financial protection and indemnity requirements and suggests that a study of risks involved in other licensed nuclear activities would be invaluable.